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LIST OF ERRATA RELATING TO EVIDENCE BEFORE THE COMMISSION SITTING AS A WHOLE.

DIGEST.*

Page.	Column.	Situation.	Present Reading.	Correct Reading.
		Title Page.	[With indexes.]	[With Indexes to Précis and Abstracts.]
10	1	Paragraph 2 from bottom (line 8).	Bolness - - -	Bo'ness
12	2	Paragraph 5 (line 10)	13,562 - - -	13,560
13	1	Line 36 from bottom -	by others - - - -	by 192 others
13	1	Line 22 from bottom - -	27,930 - - -	37,930
13	2	Line 13 from bottom -	44,213 - - - -	444,213
15	1	Paragraph 2 (line 6) -	1,870 - - -	1,874
15	1	Paragraph 2 (line 12)	132 - - - -	102
18	1	Paragraph 3 (lines 6, 14, and 15).	Surrey and Commercial -	Surrey Commercial
18	2	Line 25 from bottom - -	The witness put in and explained	The witness explained
24	1	Line 16 from bottom -	1,200 - -	12,000
32	1	Paragraph 3 from bottom (line 8).	Greenwich -	Greenock
53	2			
34	1	Paragraph 2 (line 26) -	20 years -	25 years
35	1	Line 20 - - -	Mr. G. Thompson - -	Mr. G. Thomson
35	1	Paragraph 3 from bottom (line 7).	4,510,000 - -	451,000
35	2	Paragraph 3 from bottom (line 7).	3,055,000 - -	3,555,000
59	1	Paragraph 3 (line 14)		
36	2	Paragraph 4 (line 18) -	1,380 - - -	3,180
36	2	Paragraph 4 (line 22)	225 - -	235
60	1	Paragraph 3 (line 22) -		
36	2	Paragraph 1 from bottom (line 3).	233 - - - -	2,333
37	1	Paragraph 2 (line 11) -	The witness put in Mr. Burnett's last Blue Book, giving returns, &c.	The witness put in a table giving returns, &c.
61	2	Paragraph 4 from bottom (line 11).		
37	1	Paragraph 2 (line 14) -	21*s.* - -	21*s.* 1*d.*
61	2	Paragraph 4 from bottom (line 14).		
38	2	Paragraph 3 (last 3 lines) -	Of the 2,000 deaths from suffocation in bed that occur annually, 283 per 1,000 take place on Saturday nights.	In 1890 there were 2,020 inquest cases held in various parts of the country; in 767 of which cases the cause of death was returned as suffocation in bed. Of these deaths from suffocation, 283 per 1,000 took place on Saturday nights.

* [C.—7063-II.]

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MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON LABOUR

(Sitting as a Whole.)

NOTE.

The Appendix to this evidence is of itself very voluminous, and, in addition, includes a précis (which the Secretary of this Commission has been directed to draw up) of the evidence taken before the Royal Commission on the Aged Poor. It has therefore been thought desirable to issue the Appendix in a separate volume, which will be published shortly.

Presented to both Houses of Parliament by Command of Her Majesty.
June 1893.

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1893.

[C.—7063.-I.] *Price* 4*s.* 11*d.*

ROYAL COMMISSION ON LABOUR.

MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON LABOUR

(Sitting as a Whole.)

(ONE VOLUME.)

REPRESENTATIVES OF CO-OPERATIVE SOCIETIES AND OF VARIOUS MOVEMENTS, AND OF PUBLIC OFFICIALS.

Presented to both Houses of Parliament by Command of Her Majesty.
June 1893.

LONDON:
PRINTED FOR HER MAJESTY'S STATIONERY OFFICE,
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[C.—7063.-I.] *Price* 4*s.* 11*d.*

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ROYAL WARRANT APPOINTING THE ROYAL COMMISSION ON LABOUR.

VICTORIA, R.

Victoria, by the Grace of God of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith.

To Our right trusty and well-beloved Councillor Spencer Compton Cavendish, commonly called Marquess of Hartington; Our right trusty and right well-beloved Cousin and Councillor Edward Henry, Earl of Derby, Knight of Our Most Noble Order of the Garter; Our right trusty and well-beloved Councillor Sir Michael Edward Hicks-Beach, Baronet, President of the Board of Trade; Our right trusty and well-beloved Councillor Anthony John Mundella; Our right trusty and well-beloved Councillor Henry Hartley Fowler; Our right trusty and well-beloved Councillor Leonard Henry Courtney; Our right trusty and well-beloved Councillor Sir John Eldon Gorst, Knight, one of Our Counsel learned in the Law, one of the Under Secretaries of State to Our Principal Secretary of State for India; Our trusty and well-beloved Sir Frederick Pollock, Baronet, Master of Arts, Corpus Professor of Jurisprudence in Our University of Oxford; Our trusty and well-beloved Sir Edward James Harland, Baronet; Our trusty and well-beloved Sir William Thomas Lewis, Knight; Our trusty and well-beloved Alfred Marshall, Esquire, Master of Arts, Professor of Political Economy in Our University of Cambridge; Our trusty and well-beloved William Abraham, Esquire; Our trusty and well-beloved Michael Austin, Esquire; Our trusty and well-beloved Gerald William Balfour, Esquire; Our trusty and well-beloved Joseph Cheney Bolton, Esquire; Our trusty and well-beloved Thomas Burt, Esquire; Our trusty and well-beloved Jesse Collings, Esquire; Our trusty and well-beloved David Dale, Esquire; Our trusty and well-beloved Alfred Hewlett, Esquire; Our trusty and well-beloved Thomas Henry Ismay, Esquire; Our trusty and well-beloved George Livesey, Esquire; Our trusty and well-beloved Tom Mann, Esquire; Our trusty and well-beloved James Mawdsley, Esquire; Our trusty and well-beloved Samuel Plimsoll, Esquire; Our trusty and well-beloved Henry Tait, Esquire; Our trusty and well-beloved Edward Trow, Esquire; and Our trusty and well-beloved William Tunstill, Esquire, greeting.

Whereas We have deemed it expedient that a Commission should forthwith issue to inquire into the questions affecting the relations between employer and employed; the combinations of employers and of employed; and the conditions of labour which have been raised during the recent trade disputes in the United Kingdom; and to report whether legislation can with advantage be directed to the remedy of any evils that may be disclosed, and, if so, in what manner.

Now know ye, that We, reposing great trust and confidence in your knowledge and ability, have nominated, constituted, and appointed, and do by these presents nominate, constitute, and appoint you, the said Spencer Compton Cavendish, commonly

called Marquess of Hartington; Edward Henry, Earl of Derby; Sir Michael Edward Hicks-Beach; Anthony John Mundella; Henry Hartley Fowler; Leonard Henry Courtney; Sir John Eldon Gorst; Sir Frederick Pollock; Sir Edward James Harland; Sir William Thomas Lewis; Alfred Marshall; William Abraham; Michael Austin; Gerald William Balfour; Joseph Cheney Bolton; Thomas Burt; Jesse Collings; David Dale; Alfred Hewlett; Thomas Henry Ismay; George Livesey; Tom Mann; James Mawdsley; Samuel Plimsoll; Henry Tait; Edward Trow; and William Tunstill; to be Our Commissioners for the purposes of the said inquiry.

And for the better effecting the purposes of this Our Commission, We do by these presents give and grant unto you, or any nine or more of you, full power to call before you such persons as you shall judge likely to afford you any information upon the subject of this Our Commission; and also to call for, have access to, and examine all such books, documents, registers, and records as may afford you the fullest information on the subject; and to inquire of and concerning the premises by all other lawful ways and means whatsoever.

And We do further by these presents authorise and empower you, or any nine or more of you, to visit and inquire at such places as you may deem it expedient so to visit and inquire at, for the more effectual carrying out of the purposes aforesaid; and to employ such persons as you may think fit to assist you in conducting any inquiry which you may hold.

And We do further by these Our presents will and ordain that this Our Commission shall continue in full force and virtue; and that you, Our said Commissioners, or any nine or more of you, may proceed in the execution thereof, and of every matter and thing therein contained, although the same be not continued from time to time by adjournment.

And We do further ordain that you, or any nine or more of you, have liberty to report your proceedings under this Our Commission from time to time, if you shall judge it expedient so to do.

And Our further will and pleasure is that you do, with as little delay as possible, report to Us under your hands and seals, or under the hands and seals of any nine or more of you, your opinion upon the matters herein submitted for your consideration.

Given at Our Court at St. James's, the twenty-first day of April, one thousand eight hundred and ninety-one, in the fifty-fourth year of Our Reign.

By Her Majesty's Command,
(Signed) HENRY MATTHEWS.

REFERENCE.

A Royal Commission to inquire into the questions affecting the relations between employer and employed; the combinations of employers and of employed; and the conditions of labour which have been raised during the recent trade disputes in the United Kingdom; and to report whether legislation can with advantage be directed to the remedy of any evils that may be disclosed, and, if so, in what manner.

ROYAL COMMISSION ON LABOUR.

(Sitting as a Whole.)

LIST OF WITNESSES.

Name.	Subject Matter of Evidence.	References in Minutes of Evidence.*		References in Digest.†		References in Index.‡
		Nos. of Questions.	Days on which Evidence was given.	Précis.	Index to Précis.	Analysis.
Mr. John T. W. Mitchell -	Co-operative distribution and production in England; with especial reference to the Co-operative Union of Great Britain and Ireland, and the English Co-operative Wholesale Society and other societies.	1–405	1st	6	64	7
Mr. William Maxwell -	Co-operative distribution and production in Scotland; with especial reference to Scottish Co-operative Wholesale Society and other societies.	406–940	1st, 2nd	9	64	8
Mr. Joseph Greenwood -	Co-operative production; with especial reference to the Hebden Bridge Fustian Manufacturing Society.	941–1107	2nd	12	63	10
Mr. Frank Hardern - -	Co-operative production and distribution in Oldham.	1108–1221	,,	13	64	10
Mr. Edward William Brabrook	Friendly, Co-operative, and Building Societies, and Trades Unions; evidence given in the capacity of Chief Registrar of Friendly Societies.	1222–1646	3rd	35	63	11
Dr. William Ogle - -	Vital (Births, Marriage, and Deaths) Statistics of the Industrial Classes; evidence given in the capacity of Superintendent of Statistics in the General Register Office.	1647–1739, 5338–5403	3rd, 10th	38	64	12
Mr. John Malcolm Ludlow, C.B.	Friendly, Co-operative, and Building Societies, and Trades Unions; evidence given in the capacity of Ex-Chief Registrar of Friendly Societies.	1740–1936	4th	37	64	13
Mr. William Henry Gardener -	Egham Free Labour Registry.	1937–1999	,,	27	63	14
Mr. T. Smyth -	Chelsea Labour Bureau.	2000–2071	,,	28	64	14
Mr. Tom Mann -	State and municipal control of industry (with especial reference to the Port of London); the unemployed question; the eight hours' day; formation of a Labour Department.	2072–3577	5th, 6th, 7th	16	64	14
Mr. Sidney Webb -	Industrial organisation of society and proposed remedies, viz., municipalisation, eight hours' day, amended Factory Act, Labour Department.	3578–4877	8th, 9th	19	64	16
Mr. Samuel Bagster Boulton -	London Labour Conciliation Board in connection with the London Chamber of Commerce.	4878–5038	10th	31	63	18
Rev. John Gritton, D.D. -	Lord's Day Observance Society.	5039–5141	,,	32	63	18
Mr. Robert Walker -	Traders' Defence Association of Scotland in refutation of evidence of Mr. Mitchell and Mr. Maxwell.	5142–5337	,,	15	64	19
Mr. Charles Booth -	Sweating, with especial reference to labour in the East End of London, and proposed registration of workshops, and amendment of Factory and Workshops Act as a remedy.	5404–5801	11th	25	63	19

* [C.—7063.-I.] † [C.—7063.-II.] ‡ [C.—7063.-III.]

Name.	Subject Matter of Evidence.	References in Minutes of Evidence.*		References in Digest.†		References in Index.‡
		Nos. of Questions.	Days on which Evidence was given.	Précis.	Index to Précis.	Analysis.
Mr. Charles Stewart Loch -	Charity Organisation Society; the unemployed question, and proposed remedies.	5802–5892	11th	29	64	20
Mr. Thomas William Bushill -	Profit-sharing; with especial reference to experience of his own firm, Thomas Bushill and Sons, printers and bookbinders, &c., Coventry.	5893–6172	12th	33	63	20
Rev. Wickham Tozer -	Ipswich Labour Bureau.	6173–6386	,,	28	64	21
Mr Edward Thomas Scammell	Suggested scheme of a National Labour Bureau (Registry); evidence given in the capacity of Honorary Secretary of the Exeter and District Chamber of Commerce.	6387–6427	,,	29	64	21
Dr. Elgin R. L. Gould - -	The United States National Labour Department and Bureaus of the State Departments.	6428–6827	13th	41	63	22
Mr. William Allan	The eight hours' day worked in the Scotia engine works; and remedies for strikes.	6828–6872	,,	33	63	23
Mr. Robert Giffen, C.B. - -	Commercial Department of the Board of Trade; its work in connection with Wages Statistics; bearing of such statistics upon various suggested remedies to improve existing conditions of labour.	6873–7165, 8086–8381	14th, 17th	42	63	23
Mr. Charles Fenwick, M.P. Mr. Edward Harford - - Mr. John Anderson - -	The Parliamentary Committee of the Trades Union Congress.	7166–7522	15th	26 27 27	63 64 63	25 26 26
Mr. Henry Vivian - -	The Labour Association for promoting co-operative production.	7523–7688	,,	14	64	26
Sir Thomas Henry Farrer, Bart.	Policy of the London County Council with regard to wages, and its bearing upon municipalisation; also criticism of points in evidence of Mr. Tom Mann and Mr. Sidney Webb.	7689–8085	16th	23	63	26
Mr. Henry Mayers Hyndman	Relations between employer and employed under existing economic conditions, and proposed ultimate remedy with suggested palliatives for the meanwhile.	8382–8719	17th	23	64	28

* [C.—7063.–I.] † [C.—7063.–II.] ‡ [C.—7063.–III.]

MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON LABOUR

(Sitting as a Whole).

FIRST DAY.

Commission Room, Westminster Hall, Tuesday, 25th October 1892.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. Sir JOHN E. GORST, Q.C., M.P.
Mr. DAVID DALE (Chairman of Group A.).
Mr. W. ABRAHAM, M.P.
Mr. GERALD W. BALFOUR, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. A. HEWLETT.
Mr. T. H. ISMAY.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

* Mr. JOHN T. W. MITCHELL called and examined.

Duke of *Devonshire.*

1. Mr. Mitchell, the Commission are extremely obliged to you and the other witnesses on co-operation for the great pains you have taken in preparing your evidence. As you are aware your evidence is very long, I do not say at all unnecessarily long, but the time of the Commission is limited, and I think, so far as it is possible, that it would be desirable to avoid reading the whole, especially some of the historical parts of the evidence, where there are parts of the answer which may be conveniently put into Appendices?—I will read such portions as you choose to name.

2. Will you state your position and the nature of the body you represent?—Yes. I am chairman of the English Co-operative Wholesale Society, which position I have occupied for about 18 years (*handing in Annual Report for* 1892 *issued by the English Co-operative Wholesale Societies and last Report and Balance Sheet*). I have been deputed to represent the Co-operative Union as one of its witnesses before the Commission. (*For Rules of the Co-operative Union see Appendix* CXLIV.) The Co-operative Union which I represent is a voluntary association formed by the co-operative societies of the United Kingdom, of which there are 1,624 in existence at the present time.

Duke of *Devonshire*—continued.

3. Does the Co-operative Union represent the whole of the co-operative societies?—Yes.

4. Of the whole 1,624?—Yes, they are affiliated with the Union.

5. Are we to take it that every co-operative association in the United Kingdom is a member of this Co-operative Union?—No.

6. Then the number 1,624 is the number of those who are affiliated with your Union?—No; they are those who have made returns to the Union. Some may have made returns that are not members of the Union.

7. Generally speaking does the Union represent the great majority of them?—Yes, nearly the whole of them.

8. And its objects are what?—Its objects are (1) the consolidation of existing co-operative effort, (2) the general promulgation of co-operative principles and practice. The Union consolidates existing societies by organising them first in the Union, secondly in sections of the Union for facility of government, and thirdly in sub-sections called district associations. The district associations generally consist of about 30 societies located within easy distance of each other and

* Mr. W. Maxwell, Mr. F. Hardern, and Mr. J. Greenwood were also present. See question 50.

Duke of *Devonshire*—continued.

these have quarterly conferences, at which papers are read and discussions affecting the welfare of the movement take place. The Union convenes annually a congress of representatives from all societies embraced in its membership. These congresses are movable, being held in turn in the various sections into which the kingdom is divided. Each applicant for admission to the Union is deemed by such application to accept as the principles by which all its business transactions should be guided, the desire to promote the practice of truthfulness, justice, and economy, in production and exchange, (1) by the abolition of all false dealing, either (*a.*) direct, by representing any article produced or sold to be other than what it is known to the producer or vendor to be; or,——

9. Is this document incorporated in the rules of the Union?—Yes, what I am reading now:—(*b.*) indirect, by concealing from the purchaser any fact known to the vendor material to be known by the purchaser, to enable him to judge of the value of the article purchased; (2) by conciliating the conflicting interests of the capitalist, the worker, and the purchaser, through an equitable division among them of the fund commonly known as *Profit;* (3) by preventing the waste of labour now caused by unregulated competition. No society is admitted into the Union unless its management is of a representative character. The Union itself, while laying down those broad principles for the guidance of co-operative business, has not attempted to lay down any hard-and-fast line by which the societies should be bound in order to give effect to them. Consequently, it will be found that considerable divergence of opinion has grown up amongst co-operators as to the best method of obtaining the desired end. It is on this account that the Co-operative Union has requested to have four witnesses before the Commission in order to bring forward a more general view of co-operation in its many phases.

10. What do you propose to include in your evidence?—With your permission, I propose to sketch briefly the growth of co-operative ideas in England; the development of these ideas by associated bodies of consumers carrying on for their common benefit the business of co-operative distribution, and afterwards, to some extent, engaging in production in connexion with their business as distributors; then to take a glance at production carried on in the interests of federated societies of consumers, and also to give some information as to the general bearing of these co-operative enterprises upon the well-being of the industrial classes.

11. Will you tell us first, then, as to the growth of co-operative ideas as evidenced in the earlier meetings of co-operators?—The present Co-operative Union has grown up out of the practice of holding annual conferences amongst the co-operative societies, the first of the present series of conferences or congresses, as they are usually styled, being held in London in 1869. Long previous to this, however, there were attempts made to bring together the scattered

Duke of *Devonshire*—continued.

exponents of co-operative methods. This was specially the case in the North of England, where conferences were held for many years on Good Fridays, attended by representatives from the societies in Lancashire and Yorkshire. So far as can be ascertained, the first co-operative congress was held in Manchester in May 1830. 56 societies sent delegates representing about 3,000 members, who had amongst them obtained a capital of 6,000*l.* in less than 15 months' trading. The British Association estimated the number of co-operative societies in 1830 to be about 260. It will be seen, therefore, that only about one-fifth of these took part in the first congress. Congresses were afterwards held in Birmingham, 1831; London, 1832; Liverpool, 1832; Huddersfield, 1833; Barnsley, 1834; and Halifax, 1835. The Halifax meeting was the last of the early congresses. Smaller gatherings of co-operators in various districts were held at intervals, but no general congress of co-operative societies was again assembled until the year 1869, when the present series of annual congresses was founded, and from which has sprung the Co-operative Union in its present form.

The ideas of the earlier co-operators were rather on the lines of a commune in which there should be no individual profit, but that all members of the community should work in the interests of all.

In the Appendix to this evidence will be found some interesting details concerning the proposals of the early Congresses, including also copy of a petition which was sent by one of the Congresses for presentation to Parliament. (*See Appendix* I.)

12. Can you give us any information as to the position of co-operative societies at the period of which you have been speaking?—It has not been possible to obtain complete statistics relating to these societies, but I submit a list of 63 societies, showing their membership, funds, and objects, as existing in 1832. (*See Appendix* II.) Many of them appear to have been formed especially for manufacturing purposes, while some no doubt carried on manufacturing in conjunction with their distributive businesses.

13. What has been the practical application of these ideas which appear to have been in the minds of people dating from the beginning of the century?—Co-operative action in England may be traced from the latter end of the last century. About the first known attempt was that of the co-operative corn mill at Hull. It is on record that the poor inhabitants of Hull addressed a petition to the Mayor and Aldermen as follows:—

"We, the poor inhabitants of the said town, "have lately experienced much trouble and "sorrow in ourselves and families, on the occasion "of an exorbitant price of flour. In consequence "thereof we have entered into a subscription, "each subscriber to pay 1*s.* 1*d.* per week for four "weeks, and 6*d.* per week for four weeks more, "which is 6*s.* 4*d.* each, for the purpose of building

Duke of *Devonshire*—continued.

" a mill, which is to be the subscribers', their " heirs, executors, administrators, or assigns for " ever, in order to supply them flour; but as we " are conscious that this subscription will not be " sufficient to bring about our purpose, we do " therefore humbly beseech your Worship's advice " and assistance in this great undertaking, that " not only we, but our children even yet unborn, " may have cause to bless you." It will be noticed that it was the poverty of the people which caused this attempt to be made, in order to obtain one of the chief necessaries of life at a cheaper rate. The mill was started, and was so successful as to cause the millers of the district to indict the society as a nuisance. The society was accordingly placed on its trial at York Assizes in 1811. In the words of the present secretary of the Hull Society, as quoted by Miss Beatrice Potter, in her book on "The Co-operative Movement," *it was found that a Yorkshire jury considered poverty a still greater nuisance, and deeming the Society to be an institution likely to reduce poverty, they gave a verdict in its favour.* This flour mill exists to-day, and will in a few years have the satisfaction of celebrating its one hundredth anniversary. Other flour mills followed in various parts of the country, all having the avowed aim of lessening the poverty of the people, and thereby improving their condition.

These attempts were followed by, or rather ran alongside, the agitation for social improvement led by that ardent reformer Robert Owen, who is acknowledged to be, if not the actual founder of associated effort as understood to-day, at least the inspirer of the thoughts and aims of those who at one period or another have become the leaders of the co-operative movement. As a result of this movement co-operative trading societies began to be formed about the year 1828. The idea of these societies was that the members should trade in common, obtain goods at the ordinary market prices, and that any profit arising from the sale of goods should be the property of the society, and should not belong to the individual members either separately or proportionately. The profit thus accumulated, was intended to be used in forming communities in which the laws of production and consumption should be so regulated as to procure the welfare and prosperity of the whole body of members. About 1835 the societies began to shown signs of giving way—in fact, they were dying out all round. (1) There was little knowledge and less experience as to the rules of trade. (2) Improper agents were selected and employed without any guaranteed security as to honesty. (3) The credit system was in operation in several societies; and lastly (4), the want of any legal status led to the rapid extinction of many of the trading associations. In law there was no protection for a society of this character. It was generally argued that a person could not be guilty of theft in taking goods from an association in which he was a partner. Then, again, men of wealth and substance, with few exceptions, feared to take part in co-operative work. The reason for this was that with the law, as it then existed, they were liable for any losses brought about either through dishonesty or misfortune, which might have happened to the society with which they were connected. "In short," as Miss Potter says in her book, "There " was no legal contract between member and " member; each and all depended on the " integrity of the whole body of the members. " It is assuredly to the credit of the English " working man that numerous associations " should have existed continuously for half a " century with no other security but the personal " honour of the members, and the personal " honesty of the officials." Some few of the societies, however, survived this period of disaster and afterwards embodied themselves in and now form a part of the modern system of co-operation.

14. When did the modern co-operative system commence?—Co-operation was resuscitated in a new form at Rochdale in 1844, on what has since been termed the Rochdale plan, that is the plan of dividing profits with the purchasers according to the amount of their purchases. Although the Rochdale Pioneers were not exactly the first to divide the profits in proportion to the amount of purchases, it is to them that we owe the inauguration of the present system upon a basis which experience has proved to be so sound. The system met with much success. It has been said that "it was the outcome of " trades unions, Chartist and Socialists' move- " ments, the leaven being purely Owenite."

15. Will you explain the aims of modern co-operators as represented by the Pioneer Society at Rochdale?—The ultimate designs of the Pioneers were:—1. The establishment of a store for the sale of provisions, clothes, &c. 2. The building, purchasing, or erecting a number of homes in which those members desiring to assist each other in improving their domestic and social conditions may reside. 3. To commence the manufacture of such articles as the society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages. 4. As a further benefit and security, the members of the society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who shall be out of employment, or whose labour may be badly remunerated. 5. That as soon as practicable the society shall proceed to arrange the power of production, distribution, education, and government, or in other words to established a self-supporting home colony of united interests, and assist other societies to establish such colonies. 6. That for the promotion of sobriety, a temperance hotel be opened in one of the society's houses as soon as convenient. As the Rochdale Society is looked upon as the pioneer of the modern co-operative movement, I append a few particulars, extracted

Duke of *Devonshire*—continued.

from one of its own publications, relating to its growth and present position:—This society was formed and enrolled in 1844. In December of that year the original shareholders' committee rented a shop, No. 31, Toad Lane, to sell to members and others grocery goods at the prices current in the town. The original members being few, the shop was at first only opened for business in the evening, the committee and leading men in the movement being the assistants. The code of rules then certified are still, with some slight alterations, in force. There are a president, treasurer, secretary, and eight men on the executive, elected periodically. The committee is formed into four sub-committees, viz., grocery, &c., coal, furnishing and apparel, and finance, who meet one night in each week to transact all business connected with their several departments; and the minutes passed at such meetings are recorded by them, and afterwards submitted for the approval of the general committee at the ordinary meetings, which are held on Thursday evenings, at 7.30, in the board-room, Central Stores, Toad Lane. The sub-committee meetings are held as follows, viz.:—Grocery, &c., and furnishing and apparel, Monday evenings at 8 o'clock; coal, Monday evenings at 7 o'clock; and finance, Wednesday evenings at 7.30. The number of members on December 8th, 1891, was 11,647, and the share capital on that date amounted to 370,792*l.* The cash received for goods sold during the year 1891 was 296,025*l.*, the profits or dividends thereon being 36,823*l.*, which can be drawn out or added as share money as each of the members wish. In addition to the large central establishment in Toad Lane, erected in 1867, at a cost of nearly 14,000*l.*, 25 branches have had to be built or bought in various parts of the town for the better convenience of purchasers. Of the net profits of the society 2½ per cent. is applied for educational purposes. The society has a large central newsroom and 18 branch newsrooms, which are supplied with daily and weekly newspapers, monthlies, and quarterlies, representing the best general literature of the day. The reference libraries at the central and branch newsrooms contain 2,527 volumes of the best standard works, and the circulating library contains 14,791 good and useful books; total number, 17,318 vols. In addition to the above, the educational committee have the control of the science, art, and technology classes, the extent of which may be estimated when it is stated that for the current session about 345 students have entered the same, and a sum of 121*l.* has been received for class fees. The society's funds are invested in leading home railways and joint stock concerns. A large amount is also invested in mortgages to members, chiefly on dwellings occupied by themselves. The monthly and quarterly meetings are held in the assembly-room over the society's central stores; and this room is also let to the public for lectures and entertainments and tea parties. It will hold, seated, 1,200 persons.

Duke of *Devonshire*—continued.

16. Now I have got your Table on the past and present operations of the Rochdale Pioneers' Society from its commencement to the end of 1891—

Year.	Members.	Funds.	Business.	Profits, including Interest.
		£	£	£
1844	28	28	—	—
1845	74	181	710	22
1846	80	252	1,146	80
1847	110	286	1,924	72
1848	149	397	2,276	117
1849	390	1,193	6,611	561
1850	600	2,289	13,179	880
1851	630	2,785	17,633	990
1852	680	3,471	16,352	1,206
1853	720	5,848	22,700	1,674
1854	900	7,172	33,374	1,763
1855	1,400	11,032	44,902	3,109
1856	1,600	12,920	63,197	3,921
1857	1,850	15,142	79,789	5,470
1858	1,950	18,160	74,680	6,284
1859	2,703	27,060	105,012	10,739
1860	3,450	37,710	152,063	15,906
1861	3,900	42,925	176,206	18,020
1862	3,501	38,465	141,074	17,564
1863	4,013	49,961	158,632	19,671
1864	4,747	62,105	174,937	22,717
1865	5,326	78,778	196,234	25,156
1866	6,246	99,989	249,122	31,931
1867	6,823	128,435	284,912	41,619
1868	6,731	123,238	290,900	37,459
1869	5,809	93,423	236,438	28,542
1870	5,560	80,291	223,021	25,209
1871	6,021	107,500	246,522	29,026
1872	6,444	132,912	267,577	33,640
1873	7,021	160,883	287,212	38,749
1874	7,639	192,814	298,888	40,679
1875	8,415	225,682	305,657	48,212
1876	8,892	254,000	305,190	50,668
1877	9,722	280,275	311,754	51,648
1878	10,187	292,344	298,679	52,694
1879	10,427	288,035	270,072	49,751
1880	10,613	292,570	283,655	48,545
1881	10,697	302,151	272,142	46,242
1882	10,894	315,243	274,627	47,608
1883	11,050	326,875	276,456	51,599
1884	11,161	329,470	262,270	50,268
1885	11,084	324,645	252,072	45,254
1886	10,984	321,678	246,031	44,111
1887	11,152	328,100	256,736	46,047
1888	11,278	344,669	267,726	47,119
1889	11,342	353,470	270,685	47,263
1890	11,352	362,358	270,583	47,764
1891	11,647	370,792	296,025	52,198

Would you just give some explanation of this? What do you mean by the column, "Number of Members"?—The "Number of Members" is the number of members at the end of each year. The figures opposite each year show that there was that number of members at the terminus of the year therein named, beginning with 1844 down to 1891. It means that there were 11,000 members in 1891.

17. What does membership mean?—Membership means an individual.

18. Does it mean a shareholder?—A shareholder.

19. But the society does business with other people besides members, does it not?—If it does, it is very exceptional. It was not started for that purpose, but only to do business with its own members. If there is any case of a non-member buying, it is very exceptional.

20. Do you mean that in the year 1891 there have been more than 11,647 members with

Duke of *Devonshire*—continued.

which the Rochdale Pioneer Society did business?—Yes. Well those members could have done business, but I am sorry to say they did not all do business to that extent they might have done, or ought to have done.

21. Then would you explain the next column, "Funds." What is included under the name "Funds"?—All the funds that they have, their share capital and loan capital, what little they have; but it is mainly share capital. They have not much loan capital; it is the members' money that they have in the society. Will your Grace kindly permit me to give you the figures upon those columns and the total result of them. I could state it briefly thus: You will have it referring to other societies later on. But will your Grace kindly permit me to repeat the figures, and to say that those figures in columns 4 and 5 mean this: that those persons during the existence of the society who have been its members have done business with it to the extent of 8,587,583*l.*, and they have received in profit and interest from the society itself, or have invested in the society, 1,289,767*l.*, which means this, that there has been paid out of the society nearly a million of money more than they have put into it. That is, there has been distributed amongst those who have constituted its members from that time to this nearly a million of money. That sum has been distributed amongst those 11,000 members, so that by that method of trading we but prove that the profits made in the business get distributed amongst the body politic.

22. Do the figures in the column "Business" convey the amount of sales?—Sales.

23. From the year 1891, that is?—From the year 1844 to 1891.

24. Yes, but taking the last year?—That is so.

25. They are 296,025*l.*?—That is right.

26. Does that mean the amount of sales by the society?—Yes.

Mr. *Tunstill.*

That does not seem to equal the amount of their capital.

Duke of *Devonshire.*

27. No, that is what I do not understand. The figure 296,025*l.*, which is stated to represent the business of the society, does not equal the capital, which is stated at 370,792*l.*?—Yes; the capital that is invested in their business. I see the purpose of the question. They have a large amount of that 370,000*l.* re-invested. They have some of it invested in railway shares. I think they have nearly 40,000*l.* in the Lancashire and Yorkshire Railway, and other kinds of investments out in mortgages. But the money that is invested in their business is considerably less than the amount of the capital, that is in their trading part. The other are investments.

28. The interest on your investments is included in the 52,000*l.* profits, I suppose?—Yes; it has always been the practice from those returns of the Pioneer Society to do that. Some societies make them separate. In making out this return the Pioneer Society have included their interest with their profit, that is in making out their annual return. It is not so in all societies.

Mr. *Tait.*

29. It might, perhaps, be advisable if Mr. Mitchell would agree to send in a statement of the share capital of the Rochdale Society as against the money that they have invested which could be incorporated in his evidence?—I have the share capital here. This is the share capital of the Rochdale Pioneer Society, 370,790*l.* Mr. Hardern desires me to remind your Grace that the Act provides that every member can have in the society 200*l.*, but by their own resolution they have limited the amount at present to 100*l.* Upon an average they have not 100*l.* apiece in. I should think if you take the number of members at 11,000 and divide that out, you will see that it may perhaps be a little over 30*l.* a member. (Mr. *Hardern.*) That is all.

30. Is there any qualification for membership?—(Mr. *Mitchell.*) The only qualification for membership is that they should buy 4*l.* worth of goods every year. There is no qualification other than that. Every person who wishes to join the society can do so by paying in a shilling, and when they have paid in that shilling, they give 3*d.* for a copy of the rules. I have a copy of the rules with me, and the rules have provided from the very first that there should be 3*d.* a week paid, that is 3*s.* 3*d.* a quarter. (*See Appendix* III.) But that has hardly ever been necessary because the purchases they have made and the dividends they have received upon those purchases have paid up their periodical payments, and I should think that there are hundreds in Rochdale who have paid in a shilling and gone up to 100*l.* They could not have any more in. They have built houses and a variety of other things and kept going on in that way, and still kept on their membership and purchases with us as in other places. Lots of houses have been built.

Mr. *Dale.*

31. There is no occupation or station in life, is there, which is a condition of membership?—Oh, dear no. To give you an example. If the Queen lived in Rochdale she could be a member of our society, and so could the humblest peasant in the land.

Duke of *Devonshire.*

32. Could you, besides this table, which you put in, showing the past and present operations of the Rochdale Society, put in any recent balance-sheet, showing the nature of its present operations?—Yes, I have one, and I will see that you get one. I will telegraph down and have balance-sheets sent. Every member of the Commission shall have a copy. Would that answer your Grace's purpose? (*See Appendix* IV.)

33. Yes. Would you inform us as to the progress and development of modern co-operation on those lines?—Notwithstanding all the draw-

Duke of *Devonshire*—continued.

backs attending the formation and working of the Rochdale Pioneers' Society, the new movement extended very rapidly, and between the years 1844 and 1850 more than 200 societies were established mostly in the North of England. While the new idea was progressing thus rapidly in the North in the direction of forming societies for distribution, there was also in the South a body of men working arduously for the promotion of co-operative aims though on a somewhat different lines. The Christian Socialists directed their energies more especially to co-operation in production, and were instrumental in forming numerous associations of working men in their own particular industries, an account of which will be given by a later witness,* but in addition to this they exercised a considerable influence in calling attention to the importance of co-operative organisations of all kinds, and as will afterwards be noted, were of the utmost service to the pioneers of co-operation in their attempts to bring about an alteration in the law in favour of co-operative societies. The developments of the modern system have been very extensive, and, as compared with the earlier form of co-operation, have been very successful. As a further example of the rapid growth I may mention the societies at Leeds (in Yorkshire) and Bolton (in Lancashire). The Leeds Society commenced in 1847, the Bolton Society in 1859. The following figures will give some idea of their progress and present position :—

Name.	No. of Members.	No. of Branch Establishments.	Capital paid in by Members.	Capital and profits drawn out by Members.	Present Capital.	Annual Trade.	Annual Profits.
			£	£	£	£	£
Bolton	16,617	49	760,070	1,167,265	319,589	496,010	76,151
*Leeds	29,154	85	521,253	1,289,166	340,017	850,000	104,201

* The figures relating to Leeds date only from 1858, the statistics of previous years not being obtainable.

34. Will you describe the transactions of any representative society in an industrial centre ?—To give an idea of the transactions of a prosperous co-operative society in an industrial centre, I quote the following particulars from statistics furnished by the Bolton Society. During the 32 years of its existence, it has done a trade of 5,110,547*l.*, which has resulted in a profit of 726,784*l.* after paying all charges for management and depreciation. The members have received out of the profits the sum of 606,255*l.* which has been divided amongst them in proportion to their purchases from the society. The buildings in which its trade is carried on have cost 115,638*l.*, and have been depreciated to the extent of 36,987*l.*, leaving their present value at 78,651*l.* It has advanced to its members no less than 258,265*l.* to enable them to build houses for themselves. Of this amount the borrowing members have repaid 140,820*l.* the remainder being still advanced on mortgage security. It enables the children of its members to become thrifty, by opening a savings bank department, to which the children are invited to bring their savings. This department have received in 17 years the sum of 37,131*l.* from small depositors, who have again withdrawn 29,033*l.*, leaving 9,191*l.* still invested to their credit. The society began to make grants for educational purposes at the beginning of its career, and had devoted yearly 2½ per cent. of its profits for this purpose. The total amount granted for education is 16,983*l.*, the annual grant now reaching about 1,900*l.*

* See Question 951 in the evidence given by Mr. J. Greenwood, p. 62.

Duke of *Devonshire*—continued.

35. Will you similarly describe the methods of a society located in an agricultural district ?—The Lincoln Co-operative Society will furnish the best example of this class. The particulars have been furnished by the secretary of the society :—Propaganda work by the Lincoln Co-operative Society was begun in 1877, out of sympathy for the condition of the agricultural labouring class, rather than from a desire on the part of the society to invest capital. As capital accumulated, however, and these branches were found to be remunerative as investments, renewed propaganda efforts were put forth by the society.

CLASS OF MEMBERS.

At each place the first members to join are invariably labourers engaged in agricultural work, afterwards platelayers and other railway *employés*, cottagers, village artisans, and farmers become members; and in some instances, clergymen and large tenant farmers and landed proprietors also.

PRACTICE OF WORKING.

At any of these branches, whenever a desire is expressed by the members for the appointment of a local supervising committee one is is allowed to be elected, but this committee is entirely subordinate to the general committee (or directors) of the society. At some branches business meetings are held periodically, quarterly or half-yearly, when the accounts of the society are submitted, and the members present record their votes for the directors and other officers of the society, as also upon its business generally. At branches where no desire is expressed for such meetings, none are held.

FEATURES OF THE TRADE.

A large portion of the trade of these branches is done by van, and part of this business is simply the exchange of one class of commodities for another—groceries, bread, flour, drapery, boots, and clothing being given at market rates for dairy and farm products.

RESULTS TO LOCAL MEMBERS.

The society occupies to some extent the position of a bank for the working classes, who, from time to time, withdraw from their share capital (accumulated dividends) to buy seed for allotments, pigs for fattening, and outfits of clothing for sons and daughters emigrating or leaving home for farm or domestic service.

Small growers obtain a market at their own doors for what they produce, as the society purchases, as above described, farm and dairy produce, and sells it to its own town members

Duke of *Devonshire*—continued.

direct. Through their membership in the society the agricultural labouring class receive some degree of training in local self-government.

DEVELOPMENTS (already begun.—*See* STATISTICS).

A class of small holders unencumbered by permanent mortgage. Advances granted by the society are repayable, principal and interest ($4\frac{1}{6}$ per cent.), in $19\frac{1}{2}$ years. Repayments are taken monthly; balances are struck quarterly; the mortgagor pays interest only on the balance of principal then owing, and so on from quarter to quarter. No initial deposit is asked for from a purchaser, and he can clear his mortgage in a shorter period than $19\frac{1}{2}$ years if he is able.

36. Does that refer to advances made for the purchase of land in small holdings?—That is by the society.

37. But does it refer to advances made by the society for the purchase of small holdings?—In those cases I think it is to work the farm only, and in the end in working it he will get possession of the holding that is therein described, as we understand it, on the same principle as that on which you buy a cottage.

Mr. *Dale.*

38. The term mortgagor implies that there is some security given?—Until the amount is paid.

Duke of *Devonshire.*

39. Will you go on, please, to "Possible Developments not Started Upon"?—The establishment of large joint-stock farms with plants of labour-saving machinery, on which holders of capital could be employed the greater part of their time, meanwhile cultivating allotments or small holdings during their spare hours, and by the help of their families who can assist in the system of small farming, which is already rapidly spreading in South Lincolnshire. The society itself could buy land at so many years purchase and continue to hold it, its members tilling such land for wages. The establishment of a creamery on co-operative principles has already been mooted at one branch, where the system of agriculture pursued is fairly suitable for such a venture, and local opinion is unanimous that it should be a department of the society rather than an independent co-operative concern.

STATISTICS in reference to AGRICULTURAL TOWN and VILLAGE BRANCHES established in pursuance of a PLAN of PRACTICAL PROPAGANDA adopted by the LINCOLN EQUITABLE CO-OPERATIVE INDUSTRIAL SOCIETY in 1877.

Branch established.	Name of Place.	Distant from Lincoln.	Population of Area covered by Vans in 1881.	Present Number of Members at Branch.	Sales last Four Quarters.	Net Profit last Four Quarters.	Amount of Capital held by Local Members.	Present Value of Saleable Stock.	Present Value of Land, Buildings, and Fixed Stock.	Total Amount advanced on Mortgage, repayable 19 years, to Members to purchase Houses or Lands.
					£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1878	Welbourne -	13 miles	3,194	328	7,827 19 3½	528 5 7½	2,887 9 9	578 12 0	785 13 9	824 7 6
1881	Metheringham -	10 „	5,181	285	8,267 1 9½	525 0 2½	2,873 4 7	649 7 9	917 5 0	350 15 0
1882	Saxilby - -	6 „	2,089	196	4,530 7 11	318 0 8	1,190 4 7	388 10 0	492 15 6	100 0 0
1886	Bardney - -	9 „	2,762	207	4,524 10 6	277 18 9	1,325 7 9	245 8 0	561 19 0	252 10 0
1887	Horncastle -	23 „	5,568	274	3,579 13 5½	279 2 1½	1,122 3 10	474 7 0	702 6 0	215 0 0
1887	Sleaford - -	20 „	5,665	412	6,820 12 6½	583 0 2	2,038 15 7	1,215 12 5	2,286 15 3	—
	Total - - - -			1,702	35,550 5 6	2,511 7 6½	11,437 6 1	3,551 17 2	5,746 14 6	1,742 12 6

40. This, I understand, is a statement which you have received from the secretary of the society?—The Lincoln Co-operative Society.

41. You are not speaking of this from your own knowledge, are you?—From my own knowledge only so far as I know the society. I have not worked in the society, but I know, from my acquaintance with the secretary, the working of the concern. It is not my own knowledge in the way I think your Grace understands it, but I understand the principles of it.

42. Can you give any statistics relating to the present position of the co-operative movement in England and Wales?—From the foregoing account of the commencement of the Rochdale Pioneers it will be seen how small were the beginnings of this movement. The following statistics, taken from the latest returns of the Registrar of Friendly Societies,* will give some idea of its growth and present condition. Unfortunately there are no available statistics of the earlier years of the present system, the year 1861 being the first for which any record exists, while the year 1862 is the first year for which complete figures can be obtained. I give the figures separately for 1862, in order to compare with the growth of subsequent years. It should be noted, however, in studying these tables that the figures in no case exactly represent the transactions of the whole number

* This is probably "Reports.—Friendly Societies, Industrial and Provident Societies, and Trade Unions, 1891.—Part B., Appendix (K.) Industrial and Provident Societies. [137-I.]." —G.D.

Duke of *Devonshire*—continued.

of societies. For instance, in 1890, out of a total of 1,430, only 1,092 made returns to the Registrar, so that in order to obtain a complete idea of co-operative progress, it will be necessary to add an amount for those societies not making returns.

Duke of *Devonshire*—continued.

SUMMARY for ENGLAND and WALES of SOCIETIES, MEMBERSHIP, TRADE, &c. in periods of TEN YEARS ending respectively 1870–80–90, compiled from the Registrar's Returns and other sources.

	Ten Years ending	Number of Societies known to be in existence.	Number of Members.	Share Capital.	Loans.	Sales.	Net Profit.	Profits devoted to Education.	Profits devoted to Charitable Institutions.	Amount of Reserve Fund.
ENGLAND AND WALES.				£	£	£	£	£	£	£
	1870	901	248,108	2,035,626	197,029	46,358,991	3,212,094	*14,928	—	52,990
	1880	1,015	526,686	5,806,545	1,124,795	157,995,825	12,761,673	‡49,624	—	219,217
	1890	1,430	955,393	11,380,210	2,196,364	274,822,607	24,326,790	189,568	†49,396	521,215
	Total - -	—	—	—	—	£479,177,423	£40,300,557	£254,120	£49,396	—
	1862	440	90,341	£428,376	£54,499	£2,333,523	£165,562	—	—	—

* Four years only. † Six years only. ‡ Seven years.

In the thirty years which are covered by the foregoing tables, the members have increased over ten-fold, and the share capital nearly twenty-seven-fold. The sales have grown from 2,349,055*l.* in 1862 to 35,367,102*l.* in 1890, over fifteen-fold increase; and the profits from 165,562*l.* per annum to 3,393,991*l.*, a twenty-fold increase. The trade stocks are turned over *more than eight times a year*, and the reserve funds amount to 521,215*l.* The amount devoted to education for the year 1890 is 24,919*l.* In the ten years 1861 to 1870 a total net profit amounting to 3,212,094*l.* was realised upon a total trade of 46,358,991*l.*, and in the following ten years, viz., 1871–80, the total net profit was 12,761,673*l.* upon a total trade of 157,995,825*l.*, whilst for the last decade, viz., 1881–90, the profit was 24,326,790*l.* on a trade of 274,822,607*l.*, making a total profit for the thirty years of over forty millions sterling on a trade of 479,177,423*l.*,—in round figures 500,000,000*l.*

43. You can put in further statistics relating to Great Britain and Ireland?—Yes. I submit the following table which is based upon the latest statistics published by the Co-operative Union. This includes all societies in existence in the United Kingdom:—

DETAILED SUMMARY of the SOCIETIES.

GREAT BRITAIN AND IRELAND. —	No. of Societies.	No. of Members at end of 1891.	LIABILITIES. Share Capital at end of 1891.	Loan Capital at end of 1891.	Reserve Fund at end of 1891.	ASSETS. Value of Saleable Stock at end of 1891.	Value of Land, Buildings, and Fixed Stock at end of 1891.	Allowed for Depreciation during 1891.	Investments at end of 1891.	TRADE. Received for Goods sold during 1891.	Trade Charges during 1891.	PROFITS. Total Net Profit made during 1891.	Applied for Educational Purposes during 1891.	Applied for Charitable Purposes during 1891.	Subscription to Central Board.
			£	£	£	£	£	£	£	£	£	£	£	£	£ s. d.
Distributive societies	1,459	1,098,352	11,520,045	1,207,204	478,861	3,554,771	4,944,512	202,150	5,786,516	31,514,634	1,831,216	4,342,373	32,651	10,156	4,319 5 4
Productive societies -	150	25,217	626,741	341,767	47,208	382,216	414,774	23,067	117,634	2,522,385	255,696	138,664	211	496	118 8 6
Supply associations -	13	66,566	542,362	102,595	97,045	509,028	330,863	8,863	143,974	2,940,301	317,248	68,895	—	46	63 4 2
English Wholesale Soc.:															
Distributive -	1	966	202,923	891,216	41,997	645,930	402,710	33,737	296,542	8,177,478	164,640	115,146	50	387	150 0 0
Productive -	—	—	271,033	—	—	187,112	172,677	7,856	—	588,952	—	19,862	—	—	—
Scottish Wholesale Soc.:															
Distributive -	1	268	26,211	510,791	64,938	241,138	121,837	9,173	196,921	2,660,062	58,140	77,467	—	350	50 0 0
Productive -	—	—	75,167	—	—	48,832	39,830	2,260	—	167,974	—	11,623	—	—	—
Total - -	1,624	1,191,369	13,258,482	3,053,573	730,049	5,569,027	6,427,203	287,106	6,541,587	48,571,786	2,626,940	4,774,030	32,942	11,435	4,700 18 0

I quote these statistics in order to put before the Commission at a glance the present position of the whole co-operative movement. I have only to supplement this by saying that the 1,459 societies mentioned in the table are entirely working class societies. According to a return obtained by the Co-operative Union a few years ago there were on an average only about 2 per cent. of the members in receipt of 150*l.* per annum. Though in some town societies

Duke of *Devonshire*—continued.

there might be, perhaps, 5 per cent., the lack of any such members in the country societies leaves the average as before stated.

44. What variety of businesses are included in the transactions of co-operative societies?—As an instance of the extent and variety of co-operative trading, the following table will be interesting:—

BUSINESS carried on, and the NUMBER of SHOPS open in connection with 919 CO-OPERATIVE DISTRIBUTIVE SOCIETIES in 1887.

Baking	203
Butchering	288
Flour	346
Grocery	870
Coal	305
Clogging	104
Drapery	683
Millinery	114
Boots and shoes	594
Tailoring	180
Earthenware	332
Furniture	292
Hardware	421
Ironmongery	261
Beer, wine, and spirits	17
Total number of business places	5,010

It will be seen that the last item, beer, wine, and spirits is very small.

45. Now you are able to give the Commission the sums which were devoted to what you call educational purposes?—Yes. In 1891 the sum of 32,942*l.* was devoted to educational purposes by the societies of the United Kingdom. There has been no analysis of the expenditure since the year 1887, when the amount devoted to education was only 23,256*l.*, but this will suffice to give a fair idea as to the method employed in utilising these funds. The following is the analysis:—

		£
Educational grant for 1887		23,256
How expended:—		
Reading-rooms, amount for year 1887		9,891
Number of reading-rooms	297	
Libraries, amount for year 1887		3,873
Number of volumes	202,013	
Lectures, amount expended, 1887		957
Number of lectures	269	
Classes, amount expended, 1887		1,410
Number of students	3,717	
Number of classes	184	
Distribution of literature and *Co-operative News*, 1887		539

46. Can you state to the Commission in what other directions the co-operative movement has developed. What you have up to now referred to is the distributive store or shop in which the members purchase the necessaries of life?—Yes.

Duke of *Devonshire*—continued.

I will begin with the wholesale. The next branch of the movement to be considered is *wholesale* co-operation. The first attempt at federating the various co-operative societies for business purposes was in 1831, when the "North-West of England United Co-operative Company" was formed. A report concerning this company appears in the proceedings of the Congress of 1832.

Matters did not turn out so well as had been expected, and the society came to an end, probably about 1835. The cost of carriage was then so great, the sale of goods so slow, and the money to go to market with so small, that they could not compete with the wholesale dealers, and commercial death ensued. A second attempt at wholesale co-operation was made about the year 1851, when a central co-operative agency was formed, having its head-quarters in London. It was promoted by the body of Christian Socialists previously mentioned in this evidence. Its object was, however, not confined to buying in bulk for the retail trading societies, but it included the aim of providing a market for the numerous working men's associations or small productive societies which were then springing into existence. What with the weakness of the societies then in existence, and their distance from the metropolis, the venture soon came to an end and resulted in serious loss to its promoters. The next venture in the direction of wholesale dealing was made by the Rochdale Pioneers' Distributive Society. This society, in 1853, opened a department specially for supplying other societies whose finances were not such as to enable them to go into the open market with advantage. This department, though not actually a failure, had to be given up through lack of support. It was not until 1862 or 1863 that the society again took up the question of wholesale supply. But eventually, as a result of discussions at several conferences in the northern districts, where the societies had all along shown greater vitality and more striking signs of progress, it was decided to establish "The North of England Co-operative Wholesale Society," of which only registered co-operative societies were capable of becoming members or shareholders. The society subsequently changed its name to the "Co-operative Wholesale Society," in order to enlarge the scope of its business. Its career as a purely working-class organisation has been so remarkable, and its ramifications so widespread, that a short account of its progress may be interesting:—

CO-OPERATIVE WHOLESALE SOCIETY, LIMITED.

It was registered on August 11th, 1863 and business commenced on the 14th March 1864 at which time 50 societies, representing 17,545 individual members, had become shareholders and had subscribed capital to the extent of 999*l.*

PURCHASING DEPÔTS.

In two years the number of societies comprising the federation had risen to 96, with 26,246 members, and the gradual growth of its business

Duke of *Devonshire*—continued.

induced the society at this time to establish a depôt in Tipperary, Ireland, for the purchase of Irish butter, eggs, &c. This effort to carry out one of the principal objects of the society, viz., to buy direct from the producer, and so avoid the middleman, was eminently successful, and proved to be the first of a series of purchasing depôts since established in the United Kingdom, on the Continent, and in America. At the present time the society has six depôts in Ireland, whose combined shipments for the year 1891 amounted to 122,151 firkins of butter, value 468,706*l.*

In 1881 a depôt was opened in Copenhagen for the purchase of Danish produce, and its shipments are now over 930,800*l.* per annum, which is comprised chiefly of butter. Similar depôts were afterwards opened in Hamburg and Aarhus, the shipments from the former being 232,215*l.* for the year, and from the latter 131,422*l.* for the 31 weeks it has been in operation. In 1876 the society established a depôt in New York, which now sends over to England cheese, bacon, flour, and other produce to the extent of 476,746*l.* per annum.

BRANCHES AND SALEROOMS.

Prior to 1871 the whole of the business with the retail stores in England had been conducted from Manchester, but in consequence of the rapid growth of co-operation in the north a branch was established in Newcastle-on-Tyne in that year for the convenience of societies in that district. The sales of this branch for the year 1891 had increased to 1,907,265*l.* In 1874 a similar branch was established in London to supply the requirements of societies in the south of England, and its sales amount to 1,283,612*l.* per annum. In 1882 a saleroom was opened at Leeds, where a representative is stationed to show samples of goods and receive orders from those societies who are situate in the immediate locality, by which means the retail societies are saved the expense of travelling to Manchester and the branches in order to select the goods they require. The society has now eight depôts or salerooms situate in convenient parts of the country, viz., Leeds, Nottingham, Blackburn, Huddersfield, Birmingham, Northampton, Bristol, and Cardiff.

BANKING DEPARTMENT.

In 1872, the banking department was opened. Its turnover for the year 1873 was 1,581,495*l.*, whilst for the year 1891 it had grown to 28,590,670*l.*

SHIPPING DEPARTMENT.

The growth of our trade in continental produce led to the society embarking in the shipping trade. A small vessel was purchased in 1876, which sailed between Goole and Calais, taking out coal and English manufactures and bringing

Duke of *Devonshire*—continued.

back French produce. In 1879, a steamship, "Pioneer," was built for the purpose of running between Garston (Liverpool) and Rouen, and in a few years afterwards the Goole and Hamburg service of steamers was established.

The society now owns a fleet of six steamers which bear the following names: "Pioneer," "Unity," "Progress," "Equity," "Federation," and "Liberty," and their total cost amounts to 84,500*l.* Registered gross tonnage, 3,898.

TEA, COFFEE, AND COCOA DEPARTMENT.

In 1882 a buyer was appointed to take charge of the purchase of teas and coffees direct from the importers instead of as heretofore conducting this business through a firm of tea merchants. The success of this step was soon demonstrated by the rapid increase in the sales of tea and coffee, which now amount to 570,431*l.* per annum against 190,020*l.* in 1882.

The manufacture of chocolate and cocoa has been added to this department, and is making very satisfactory progress. The department finds employment for 300 hands.

INSURANCE FUND.

In 1873 the nucleus of an insurance fund was formed by transferring the sum of 2,000*l.* from the reserve fund. The society insures its own steamships in this fund, as well as a proportion of its various buildings, fixtures, stocks, and goods in transit by water. Notwithstanding that large payments have been made to meet losses through fire, damage to steamships, &c.; the fund has now accumulated through premiums and additions from the profits to the large sum of 205,766*l.*, which fully justifies its establishment.

GENERAL REMARKS.

The growth of the wholesale has, on the whole, been rapid and continuous, as will be seen from the general statement. (*See Appendix* V.) In the first period of its existence the society confined its operations almost exclusively to groceries and provisions, but by degrees there were added the drapery, boot and shoe, furnishing, hardware, and other departments. At the present time it can supply almost every article that co-operators require. The society has invested in land, buildings, steamships, and fixtures the sum of 892,633*l.*; this has, however, been depreciated according to its rules by no less an amount than 309,522*l.*, therefore these assets only appear in the society's accounts at the reduced figure of 583,111*l.*

Mr. *Dale.*

47. Therefore, these assets only appear in the society's accounts at the reduced figure of 583,111*l.* at the headquarters of the society at Manchester?—Yes.

Mr. *Dale*—continued.

48. In enumerating the eight depôts you did not include Newcastle?—Newcastle and London are branches. The others are depôts. A depôt is distinguished from a branch in this respect. A branch has a sub-committee to manage it. A depôt has not such sub-committee, but it has simply a sale room where goods are sold.

Duke of *Devonshire*.

49. The progress of this Wholesale Co-operative Society has led to its undertaking some co-operative productive enterprises, has it not?—Yes. I will just give a preliminary statement upon that. As it was selling goods it determined that as fast as it was able it would produce what it sold. As I have previously hinted, although co-operators have all one end in view —*i.e.*, the social advancement of the industrial classes—opinions differ as to the best method of carrying on production on co-operative lines. I do not propose to enter into those differences of opinion, but content myself merely with stating what we are actually doing. I am desired to deal with what is known to co-operators as federal production. Mr. Greenwood, another witness, will deal with other forms of co-operative production.

50. You refer in that answer to differences of opinion as to the best means of carrying on production on co-operative lines. You say you do not propose to enter upon that question, but where is the Commission to obtain any information about those differences of opinion?—There are four of us who propose to give evidence, and we each state our views in our own way. I speak on behalf of the Wholesale Society. Mr. Maxwell will speak on behalf of the Scottish Wholesale Society. Mr. Greenwood will speak on behalf of the productive societies; and Mr. Hardern will speak on behalf of the others. So that you will get all the differences before you at the conclusion of our evidence.

51. But I do not see in your evidence where you state your view of the principles which you advocate?—Your Grace will find it as we go along.

52. Well perhaps it would be best that you should tell your story in your own way?—I can very easily and briefly state what our method is, but I think it is sufficiently explained in my proof, and if it is not it can be enlarged upon at the end by questions.

A number of distributive societies carry on the production of articles intended for the use or consumption of their own members. The total yearly production by distributive societies is put down at 3,347,480*l.* Number of *employés*: —Bakers, 1,600; butchers, 600; boot, shoe, and clogs, 1,200; tailors, 700; milliners, mantle and dress makers, 500; making a total of 4,600 *employés* (productive). (See "Short Studies of "Co-operative Production," by Benj. Jones.) In

Duke of *Devonshire*—continued.

addition to the foregoing some of these societies own corn mills for grinding corn to supply to their members. The following is a list of mills owned by individual societies, the produce of which is in most instances used by the members of the societies which respectively own the mills:—

Leeds: started 1847; 2,000 shares of 1*l.* each; took premises on a rental; 11 *employés*; dividend on purchases; profit for first eight years, 9,456*l.*

Banbury: two mills, started in 1875: profit divided on purchases. An average profit was made from 1881 to 1889 of 8 per cent. on the capital employed.

Barnsley: began in 1880; cost of land, buildings, and machinery, 28,000*l.*; profit for eight years (1882-8), 31,400*l.*

Carlisle: began 1870; sales for one quarter (1889), 10,070*l.*; profit, 121*l.*

Cleator Moor: began 1874; land, buildings, and machinery stood at 11,532*l.* in 1887; sales (1889), 11,099*l.*

Leicester: this was originally carried on by a federation of societies, and was known as the Midland Federal Corn Mill. It was taken over in 1887 by the Leicester Distributive Society. Sales for one quarter (1890), 7,052*l.*; profit, 128*l.*

Leigh: began 1863; cost, 4,000*l.*; sales for 1889, 31,888*l.*; loss, 265*l.*

Lincoln: started 1886; total profit for three years (1886–9), 2,860*l.*; sales, about 8,000*l.*; 7 *employés*; cost, 4,755*l.*

Mansfield: started 1872; sales (1889), 1,640*l.*

Stockton-on-Tees: began 1874; sales for one quarter in 1889, 4,520*l.*; profit, 125*l.*

These mills have become or were originally started as productive departments of an individual store, just as other productive departments have been added in succeeding years as necessity has required, and as the ability of the societies has enabled them to extend their operations.

The next class of production to be named is that carried on by groups of distributive societies for their common benefit. The following is a short outline of several of these:—

Derwent Flour (Shotley Bridge) started in 1872. This corn mill is owned and worked by nine co-operative societies. The Society has a share capital amounting to 10,764*l.*, and loan capital 18,170*l.* The sales for 1890 were 103,474*l.*, and the net profit 3,720*l.* Dividing this profit upon the share capital it would give a dividend of 35½ per cent. per annum, but if divided upon the sales as is done according to rule, it would average 8½*d.* in the pound. Since it began the sales have averaged 65,145*l.* per annum. The total business done since the commencement has been 1,172,620*l.*, and the net profit amounts to 23,431*l.* This society has always been considered a prosperous one, and to have done good service to the stores. (See detailed statement following.)

DERWENT CO-OPERATIVE FLOUR MILL SOCIETY, Shotley Bridge, Durham. Established 1872 registered 1872.

Table compiled from the Parliamentary Returns.

Year.	Number of Members.	Working Capital at end of Year.		Amount of Sales.	Net Profit.	Trade Expenses.	Trade Stock.
		Share.	Loans and Deposits.				
		£	£	£	£	£	£
1873 - -	7	4,050	3,619	44,205	2,501	1,500	2,617
1874	7	4,350	5,465	39,056	1,426	1,487	2,800
1875	7	4,350	7,841	45,901	2,162	1,518	3,000
1876 -	7	4,500	5,824	52,139	983	2,023	3,037
1877	7	5,525	4,835	64,287	915	3,584	3,976
1878 -	7	5,425	4,637	45,153	318	2,527	3,197
1879 -	7	5,425	1,885	39,508	104	2,131	2,247
1880	7	5,425	2,580	49,595	508	2,132	2,239
1881 -	7	5,425	4,518	60,617	900	1,766	1,950
1882 - -	7	5,430	6,538	69,710	484	2,660	2,156
1883	7	6,556	7,389	76,833	792	1,016	2,782
1884	7	7,356	8,428	73,001	673	3,381	3,501
1885	7	7,456	9,909	70,501	920	4,358	3,676
1886 -	8	8,220	11,429	77,571	813	4,655	6,507
1887	8	10,020	12,545	80,966	1,198	4,845	4,448
1888 -	8	10,420	14,017	89,878	1,487	5,588	5,510
1889 -	9	10,664	15,622	90,225	3,527	1,620	5,383
1890	9	10,764	18,170	103,474	3,720	3,515	6,454
Totals 1890	9	10,764	18,170	1,172,620	23,431	50,306	6,454

This Corn Mill is owned and worked by nine Co-operative Societies, amongst which are the Shotley Bridge, Consett, Blaydon, Annfield Plain, and Leadgate. There is only one more mill of this class, namely, the Colne Vale Corn Millers, established 1888, by 19 co-operative distributive societies becoming members, the Slaithwaite Society taking the lead. The Colne Vale Corn Millers divide profits not only with the purchaser but also with the *employés*. (See detailed statement below.)

COLNE VALE CORN MILLERS.

Established, 1888; Registered, 1888.

Year.	Number of Members.	Capital.		Sales.	Profit.	Trade Stocks.
		Share.	Loan.			
		£	£	£	£	£
1888	19	6,545	9,925	29,031	206	4,634
1889	20	6,546	7,680	44,128	—	5,298
1890	20	6,546	8,084	51,945	533	5,936
Totals	20	£6,546	£8,084	£125,104	£739	£5,936

Beyond the flour mills and a flannel and blanket manufactory, established at Littleborough, which has not been attended with any great success, there is no other instance of united effort on the part of distributive societies alone to carry on any productive work. The societies have in several places, in conjunction with individuals, been instrumental in forming some very successful productive societies, but of these an account will be given later on.

53. The instances you have just mentioned are those of small federations of societies combining in their own localities for the production of flour; but I think you have something to tell us in reference to production on a larger scale by the large federation known as the Co-operative Wholesale Society? — Yes. The most important part of the evidence with which I have to deal is that relating to the productive departments of the Co-operative Wholesale Society.

The following statement is submitted as showing their number, their location, and all other particulars of interest concerning them:—

In 1873 the Co-operative Wholesale Society made its first experiment in co-operative production by commencing at Crumpsall, near Manchester, the manufacture of biscuits and boiled sweets, and at the same works there was subsequently added the manufacture of jams, marmalade, and dried goods. The progress of these works has been continuous, and they now find employment for over 260 workpeople, and produce over 69,000*l.* of goods annually. The boot and shoe works at Leicester were also established in the year 1873, and are now making upwards of 1,000,000 pairs of boots annually, the value of the same being nearly 250,000*l.* The number of *employés* is 2,000. Encouraged by the success of these undertakings, a soap works was established in Durham in 1874. Another boot and shoe works was opened in Heckmondwike in 1880; a woollens mill at Batley in 1887; a clothing factory at Leeds in the following year; and in 1891 a large flour mill was erected at Dunston, near Newcastle-on-Tyne, capable of manufacturing 40 sacks of flour per hour. The total capital expended in the society's various productive works amounts to about 350,000*l.*, the value of the goods produced is 714,480*l.*, and the number of *employés* over 3,000.

Duke of *Devonshire*—continued.

54. Then you give details of each of those works?—Yes.

CRUMPSALL WORKS.

Established 1873.

BISCUITS, SWEETS, JAM AND MARMALADE, DRY SOAP POWDER, &c.

Average number of hands for the last year -	249
Wages paid for year ending June 1892 -	£8,421
Average capital employed in land, buildings, fixtures, and stock - - - -	£43,554
Value of supplies for year ending June 1892 - - - - - -	£68,967
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - - -	Profit £3,174

(*See Appendix* VI.)

LEICESTER WORKS.

Established 1873.

BOOTS AND SHOES.

Average number of hands - - -	2,209
Wages paid for year ending June 1892 -	£87,035
Average capital employed in land, buildings, fixtures, and stocks - - -	£115,718
Value of supplies for year ending June 1892 - - - - - -	£233,816
Pairs of boots and shoes - - -	1,028,691
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - -	Profit £2,568

(*See Appendix* VII.)

HECKMONDWIKE WORKS.

Established 1880.

BOOTS AND SHOES.

Average number of hands - - -	294
Wages paid for year ending June 1892 -	£12,961
Average capital employed in land, buildings, fixtures, and stocks - -	£25,159
Value of supplies for year ending June 1892 - - - - -	£44,907
Pairs of boots and shoes - - -	136,231
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - - -	Profit £2,597

(*See Appendices* VIII. *and* IX.)

DURHAM SOAP WORKS.

Established 1874.

Average number of hands - - -	16
Wages paid for year ending June 1892 -	£1,124
Average capital employed in land, buildings, fixtures, and stock - - - -	£8,672
Value of supplies, year ending June 1892 -	£33,170
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - - -	Profit £1,350

(*See Appendix* X.)

BATLEY MILL.

Established 1887.

WOOLLEN CLOTHS.

Average number of hands - - -	85
Wages paid for year ending June 1892 -	£4,492
Average capital employed in land, buildings, fixtures, and stocks - - -	£10,614
Value of Supplies year ending June 1892 -	£17,453
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - - -	Profit £555

(*See Appendix* XI.)

Duke of *Devonshire*—continued.

DUNSTON CORN MILL.

Established 1891.

Average number of hands - - -	117
Wages paid for year ending June 1892 -	£7,786
Average capital employed in land, buildings, fixtures, and stock - - - -	£137,123
Value of supplies, year ending June 1892 -	£312,071
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - - -	Loss £19,932

(*See Appendix* XII.)

LEEDS AND BATLEY READY-MADES.

CLOTHING FACTORY.

Established 1888.

Average number of hands - - -	165
Wages paid for year ending June 1892 -	£6,260
Average capital employed in land, buildings, fixtures, and stock - - - -	£3,508
Value of supplies, year ending June 1892 -	£15,257
Result for year, after paying interest on capital, depreciation, and distributive departments' commission - - -	Profit £1,037

(*See Appendix* XIII.)

Mr. *Tunstill.*

55. The Dunston Corn Mill shows a loss of 19,932*l.*?—Yes; we have had a loss at Dunston during last year of 19,000*l.*, owing to the great fall in wheat. It has been reported that between January and June of last year in the corn trade about 17 millions of money were lost, and some corn millers during that period in the neighbourhood of Newcastle lost, we are told, 30,000*l.* We are sorry for our loss, but we cannot help it. No doubt if we had bought at the right time we should not have made that loss; but we did not, and we cannot help it.

Duke of *Devonshire.*

56. You wish to state your opinion on certain points connected with these works; first as to the improvement in the condition of the workers under your system, either in regard to comfort in their work, or in increased wages?—We spare no effort or expense to make our workpeople comfortable, and we pay to the highest trade union lists, and I have no hesitation in stating my opinion that our *employés* are well treated in these respects.

57. Has your workshop system any influence towards industrial peace. Are you subject to strikes and trade disputes similar to other manufactures; if so, state particulars?—Yes, I think so. We are, of course, subject to strikes and trade disputes, but the liability to these is reduced to a minimum because the committee are at all times accessible to the workpeople in case they have any representations to make, and to discuss affairs with them. Judging from past experience matters are by this means adjusted amicably. We have had no serious dispute with our workpeople.

58. In your opinion does the system conduce to more settled employment by means of greater continuity of work and less fluctuation in the amount of wages earned?—I am of opinion that it does, because we have an organised market for our productions. Except, of course, in those

Duke of *Devonshire*—continued.

trades which are of a season character, such as in the clothing trade. In such cases we make every effort that it shall interfere as little as possible with the continued employment of the hands, by anticipating the demand and working to stock.

59. Will you state what is your position towards the Unions of the different trades?—Our relations are friendly; and we wish to work in harmony with the Unions. In cases of disputes we are always willing and desirous to treat with the union officials.

60. Will you state what you mean by distributive co-operation, what its action is; what are the advantages which you claim for it; and then show how you link your system of production on to that of distribution; and how this connexion affects the labour problem?—What we understand by the term distributive co-operation is a system of combined shop-keeping. The plan is for a number of people to join together, and raise as much capital as is possible amongst themselves; then they stock a shop with such articles of every-day use as may be required by the members; and having engaged competent shopmen to conduct the business, the members proceed to make their purchases at their own shop, paying the same prices as are ruling in the particular district. They agree to pay a fixed interest to capital—the rate varies very much in different societies, some get share capital at 3¾ per cent., while others pay up to 5 per cent.—then any surplus remaining after all expenses of management have been paid *is divided amongst the members in proportion to their purchases, and not in proportion to their share capital.* This is the fundamental difference between what is known as the *Rochdale system* of co-operation, and that of any other method which has gone under the name of co-operation, either previous or subsequent to the foundation of this system. It will be seen at once that under this plan of dividing surplus receipts, otherwise profits, the benefits of co-operation are brought within reach of the poorest of the artisan class. Under the system pursued by most modern societies it is not required, after the store is started and working, that the would-be member should be possessed of any capital. Provision is generally made in the rules of the societies that any person deemed by the committee to be a fit and proper person for membership may join the society and participate in all its advantages by paying an entrance fee, which in most cases is 1*s*. Then by purchasing all possible requirements at the co-operative shop, the member obtains his share of the general profits made by the society *according to the amount of his purchases at the shop.* This share of profit is called dividend. It is allowed to accumulate in the funds of the society as share capital credited to the member's individual account, so that a member can, without any exertion on his own part beyond that of purchasing loyally at his own shop, gradually but surely build up a capital for himself in the stores. Many instances could be quoted of working men who have in this manner accumulated considerable sums as share capital in these societies, simply by purchasing, and without having made a single payment beyond the entrance fee of 1*s*. paid at the commencement.

61. You claim, then, supposing all things to be equal, the stores price not being in excess of that charged by other traders for the same class of goods, the person who buys from a co-operative store is saving so much money for himself, or in other words his wages go further?—That is so. We will suppose that a man earns 20*s*. per week, and that he is able to purchase all his requirements at his co-operative shop, and that shop makes a profit, after paying all expenses, which permits of a division at the rate of 2*s*. on every pound expended during the period in which the profit has been made, then that man's wage becomes worth 22*s*. per week to him as against 20*s*. under the old system. As regards production, our view is this. All, or nearly all, of the members of co-operative societies are of the class who have to work for their daily bread, and are in receipt of workmen's wages. We endeavour to conduct our productive establishments with the highest regard to efficiency of workmanship, combined with the sufficient remuneration and comfort of the worker. We produce goods for sale only in our co-operative stores; and we encourage all our workpeople to become members of the local stores, in order that they may obtain the best goods, made under the best conditions, for which only a fair price is asked, and on which they get returned any surplus which would otherwise be intercepted by the middleman retailer. We claim that by this system the working man gets his articles at the net value after the labour expended upon it has been adequately rewarded according to its merits.

62. Now I do not altogether understand, from the evidence you have given us, what are the differences of opinion to which you have referred in one of your answers as existing between co-operators. You have told us that the Co-operative Wholesale Society is, to a considerable extent, an employer of labour?—Yes; we have about 3,000 workpeople engaged in production; we have about 5,000 workpeople altogether.

63. I gather that, with one exception, those works are carried on exactly as any ordinary productive works?—Yes.

64. The labourers do not obtain any share of the profits?—They receive their wages and they receive no addition in the form of a distribution of extra profit.

65. With one exception, I think?—The Scottish Wholesale give a share of the profits, but we do not. You will have that from Mr. Maxwell.

66. You stated that in the case of the Colne Valley Corn Mill a share of the profits was given to the workpeople?—Yes; but if you will kindly permit me that is not the Wholesale

Duke of *Devonshire*—continued.

Society. I thought your Grace was asking me exclusively in relation to the Wholesale Society.

67. The productive works of the Wholesale Society in no case divide profits with the workmen?—No.

68. Is that the ground of the difference of opinion to which you have referred?—Yes.

69. A certain section of co-operators consider that that is a wrong principle?—Yes, they do, some of them.

70. Can you state your view?—If you will kindly permit me.

71. Is it not a generally recognised principle of co-operators that the societies shall divide the fund known as profit equitably between the capitalist, the worker, and the purchaser?—Yes.

72. But you do not appear to carry this out in your own works?—We carry it out in this sense, that our workers get their share through the means by which they support the business. They get a share of the profit of production by the means which they use to extend it. If I may just restate the question so that you may clearly understand it, I would say that the success of any business depends upon selling what it produces.

Mr. *Tunstill.*

73. At a profit?—No business can exist except what is produced is sold, and we think that co-operation means that there should be a just and righteous combination between capital, labour, and consumption. We want the consumer to own the capital, and that the labourer shall work, and that all those who join together in this co-operative organisation shall get there the limited interest on capital, their generous remuneration of labour, and then the extra share or portion that they get shall come to them through the means by which they strengthen the business. That is our method.

74. What is the particular advantage, then, that you claim for the 3,000 men who are employed by the Wholesale Society. They have no more to do with the profits of their particular manufacture than any other *employés*?—No, they have not.

75. Then where does the benefit come in to them?—The benefit comes in to them whereby they contribute to the strength of the organisation by the business they give; by the goods they buy; and thus, if you get the combination of shoemaker, joiner, and every other artisan class combined together in a common bond, everybody gets a share of his own and other persons' productions, because they strengthen the business by the trade which they give to it.

76. That would be only as purchasers?—As consumers. We think that is a capital method.

77. But there is a difference of opinion upon that subject?—There is a difference of opinion; Yes. I am only stating my own view. Other people will have to state theirs.

78. I presume you do not require that every person you employ shall deal with your shops?—No, we do not; and we are sorry to say they do not all deal with them. We do not require it. They have the opportunity of doing so, and we would prefer that they should.

Mr. *Tunstill*—continued.

Duke of *Devonshire.*

79. You say you have had disputes with the men like other employers?—Occasionally we have, but we have settled them, so far as I know, in the most amicable manner possible. I do not say that both sides have been quite satisfied, but the disputes have been settled, so far as I know, in the most amicable manner as between trade union officials and ourselves

Sir *John Gorst.*

80. Have you ever had a strike?—Oh, yes, we have. We have had one a little while ago. That was more about a foreman than anything else.

Mr. *Ismay.*

81. In what department was that?—It was at our Leicester works. They ceased to work at our Leicester works. The manager was unfortunately away ill at the time, and the workpeople did not like one of the persons who took in the work.

82. What was the character or description of the work?—The finishers had to take in their work, and they said that this man was not a kindly man, or something of that kind.

Mr. *Tait.*

83. It was in the boot and shoe department?—In the boot and shoe department. They said he was an unkindly man, and they could not agree with him; and they would not be satisfied with the man being there. Our manager at the moment was poorly, otherwise probably he would have rectified it without a strike. The men went out, and did not go to work on account of this particular foreman.

Mr. *Ismay.*

84. How did it result?—It resulted in an amicable settlement between the trade union officials and our manager. They removed the man eventually, or partly removed him. It was an amicable settlement between the trade union officials and the workpeople themselves. They started work, and everything has been right so far as I know since.

85. The man was removed?—The man was partly removed, not wholly but partly. It was satisfactory to them.

86. Now, I see you have entered into the shipping trade?—Yes.

87. Have you been successful with it?—Sometimes it has been profitable, but recently it has been very unprofitable.

88. I see your vessels cost you about 21*l.* per ton?—Yes.

89. Do you know what they stand you at in your books now?—They have been reduced now

Mr. *Ismay*—continued.

to about 50,000*l.* They have been reduced nearly 25 per cent

90. Does that represent the fair market value of to-day?—It is very difficult to state what is the market value of a ship to-day, very difficult indeed.

91. Has that part of your business been successful?—It has not. Of course it requires another element now to come in there, and requires an explanation as to our method of making out accounts. We always depreciate, I think it is 7½ per cent., and we allow ordinary interest and other charges on capital. Then the balance is shown. Some shipowners, we are told, simply get the result. Sometimes if we did not make that charge for depreciation, and that charge for interest, we would show a profit. If we did not make out our accounts in that method, it would simply show perhaps that we had only made 5 per cent. interest for our money. The method of making out our accounts causes us to show greater loss than some of our people think we should if we did not make them out in that way. We have shown a considerable loss, say 1,000*l.* a quarter, and sometimes more; but that has consisted largely of interest and depreciation. So that what it means is this, that in our shipping trade we have managed to get along; but it has not always paid the charges for interest and depreciation.

92. That is charging the depreciation at 7½?—Yes, charging the depreciation at 7½.

93. And interest at 5?—Well, not quite 5; perhaps from 3¾.

94. Apparently, on your own showing, the depreciation that you charge has not been sufficient to meet the actual depreciation of the ships?—Well, you see, we have not sold the ships.

95. I am afraid if you had you might find it still greater?—We might do. We have not sold them yet. I daresay very likely it might be so. The way the shipping trade is now, I daresay nobody, if they had to sell their property, could get what it cost them.

96. Do you insure these ships?—We insure them in our own fund. We charge to our own fund the same premium that we should have to pay the outside people, and we save that for ourselves.

97. And in spite of that you cannot make them pay?—The insurance is charged before we show the loss.

98. Charged before the loss?—Yes; certainly. When we show the loss, the loss includes what we have charged for depreciation, what we have charged for insurance, and what we have charged for interest.

99. And do you bring other cargo than your own merchandise?—Yes. Our trade has not grown sufficiently large to occupy our own boats exclusively, but we expect them to do so. For instance, supposing we could get all London to embrace our principles and adopt our policy, we could very soon begin to bring cargoes of our own goods; and that is what we should like to see.

100. Have you had any trouble with your own people on board your ships?—Yes, we have had a little, but it was soon settled. But then the trouble was unnecessary apparently, because we were paying at that time, so far as I remember, 2*s.* a week more to our men than the other shipowners had been paying.

101. What was the nature of the trouble that you had. Was it a qustion of wages?—A question of wages at the time. It was in this way. Our people had been in the habit of having 28*s.*, while other shipowners had paid their workpeople and paid their sailors 26*s.* Eventually there came a rise on the part of the shipowners from 26*s.* to 28*s.* My memory is not fresh on the matter, but I think in consequence of our not raising our men at the time the other did, still making the difference of 2*s.*, a little unpleasantness arose in that matter; but it was settled in course of time.

102. How was it settled?—The men were satisfied that we were paying as high wages as anybody else.

103. And you did not give the advance?—I could not say just at the moment. I will get that for you afterwards. (*See Appendix* XIV.)

Mr. *Bolton.*

104. In answer to Mr. Ismay, you said just now that the rate of interest you charged on these vessels was 3¾ per cent.?—It is in this way. I will explain that. When we average the interest all round on our departments (and the shipping department is charged with the same rates of interest) it averages 3¾. We pay for our capital. To share capital we pay 5 per cent. and to loan capital we pay 4 per cent., and then we distribute our capital as required in our various businesses, and we debit each department with its proportionate share upon the average of the existing charges. Sometimes it will come to about 3¾ or 3½; mostly, I think, about 3½ to 3¾.

105. You say you charge 4 in some cases, and in other cases 5?—I am not explaining myself properly then. What I meant is, that our shareholders put share capital into the Society, and it will require a clear explanation of what our share capital consists of. We have a share capital, and we have a loan capital. Our share capital is allowed 5 per cent. and our loan capital is allowed 4 per cent. This is the capital of the members, and when this capital is distributed out into the business the benefits we get from the investment of some portions of that money, and the way it is used, enable us to charge interest to the various departments in distribution and production at, as I say, 3½ to 3¾ per cent., while we have actually paid to the shareholders 5 per cent. and 4 per cent. on loan.

106. That is to say, you charge some of your departments more than 5 per cent., or 4 per cent., and others you charge less?—No, I will try

Mr. *Bolton*—continued.

and put it to you clearly. Our proprietors have a share capital of somewhere, about 500,000*l.* to 600,000*l.* and a loan capital of between 800,000*l.* and 900,000*l.* That is the capital which the members put into the Society, and we pay them 5 per cent. for the share and 4 per cent. for the loan. Now that is clear. Then when this comes into the Society we use it in our business. Some portion of this capital has been employed in various ways, and the charges for interest are of such a character that it enables us to charge interest to the different departments at only 3¾ per cent. There is no portion of our business that is charged more than another. The one is a credit and the other is a debit. Do I clearly explain myself.

107. Yes, so far; but you do not tell me exactly what I want to know. Do you keep a separate account of the use of the loan fund, and of the capital fund—the investments and so on—and if there is a profit upon these investments, do you then reduce the rate of interest all over your works?—We keep a separate account of our capital, and then we reduce the rate of interest. The income from the capital is made to reduce the charges to the business.

108. The income of the capital: do you credit that with some profit upon the working of the business?—Exactly.

109. So that the interest you charge to your different departments depends upon the rate of profit made every day?—Yes. That is, it is less than that which we are required to pay to our members.

110. Because of the profit you have made on the use of the capital?—Yes.

111. You could not borrow the money on these ships at 3¾ per cent., could you?—That is a difficult matter to answer; I do not know what we could borrow, if we were going to try. I am very glad to know that we do not require it. We have plenty of money at our disposal.

112. At page 11 of your summary you show the net profits of 10 years ending 1890, I think, at 24 millions?—Yes; that is the whole of the distributive societies.

113. Can you tell me what income-tax has been paid upon that?—I cannot tell you; but everybody who is liable by law to pay income-tax has paid income-tax upon their portion.

114. Your Society is differently treated in that respect?—We are not liable to pay income-tax. If we all paid income-tax it would cost the income-tax people a great deal more trouble than it is worth.

115. I am merely wanting the fact?—The fact is we do not pay income-tax upon that portion which we call profit.

116. On any portion of it?—Well, I would not say that.

117. As a society?—As a society we do not; and we think it would be wrong to do so, because it would be unjust to those who were owners of the money. The income-tax is an individual tax.

118. Then nowhere in your evidence that I can see do you suggest the necessity of any legislation to support your societies or your movement. In your opinion, do you think any legislation is necessary?—Well, we have a Parliamentary Committee. I think that question would be better answered by my friend Mr. Hardern, for the Parliamentary Committee in connexion with the Co-operative Union. He will answer.

119. You may have an opinion yourself?—Well, there are certain portions of the law as to which we think it is desirable that there should be legislation in the interests of the Co-operative Union. Mr. Hardern will give you the particulars.

120. And are you all of one mind?—We are all of one mind on that point.

121. As to the necessity for legislation?—On the necessity for legislation on certain points to give us greater facilities.

122. And are you all of one mind as to the legislation which should be carried out?—So far as I am aware.

123. Perhaps it would save trouble hereafter if you would state what your views are on this subject, as representing this large Society?—I will state my views after Mr. Hardern has stated the particulars of that legislation, because I should have to go into it, and it would take up your time, which would be taken up twice, if that is your pleasure.

124. We see there is a difference of opinion on other points. There may also be a difference of opinion on that point?—So far as legislation is concerned, Mr. Hardern has been appointed for that purpose, and if he states what those points are, afterwards I may give you my opinion—individually as well as collectively; but so far as I know at present, we are all agreed in the character of the legislation Mr. Hardern will lay before you.

Mr. *Tunstill.*

125. You, I understand, are a Society that deals with some 1,400 or 1,500 branch co-operative societies?—Yes, we have nearly a thousand of those, and they are all co-operative societies.

126. Are they are at liberty to purchase from anybody outside yourselves?—Yes.

127. They have a free hand?—Yes.

128. To buy where they like?—Yes.

129. Now, will you tell me how your prices are settled; by whom are the prices settled that you charge to these people?—By the managers and the heads of the departments largely.

130. In your own departments?—In our own departments largely. I understand you to be asking me whether those thousand societies who are members with us have a free hand to buy either from us or anybody else.

131. Exactly?—Yes, that is clear. We then come to our internal arrangements. We have buyers within ourselves; buyers situate in New York, in Denmark, in Germany; they buy under the direction of our representatives in Manchester, Newcastle, London, and Glasgow,

Mr. *Tunstill*—continued.

who buy for us, because we have joint purchases.

132. My question is not at all in relation to your buying. I see no difficulty whatever in your being able to buy. I want to know what is your power of distribution, and who fixes the prices of the articles?—The person who is head of the department.

133. In your own department?—Yes.

134. Then we will assume that your prices are so high that your friends the thousand societies do not go to you at all?—If they were so they would not; but we have to regulate our prices in that way.

135. That is to say, you put as little profit upon the department as it will bear in your opinion. Is that the fact?—Yes.

136. Then tell me what control, if any, has the individual purchaser at your various shops as to the price. How is he to know that you are not charging him more, or selling an inferior article to what he would get in an open shop?—You are speaking now of the retail society.

137. Yes?—A member of a retail society goes there, and buys his goods at the price they are given, and if he thought it was too dear, then he would tell them so, or he would not buy. But usually they are faithful, and they buy at a price.

138. You keep them loyal?—We try to.

139. As you believe, by the way in which you teach them?—That is it.

140. I want to know whether the individual man has any check upon you in regard to either your price or your quality?—He has a check certainly. He knows that the Society has no interest in charging him an extra price, because he knows that all the profit that comes by reason of the extra price which is paid will come back to him in the dividends.

141. But if he pays an extra price to get his dividends he is no better off. It is his own money that he is getting back?—Exactly so. Of course it is quite evident, indeed it must be patent to everybody, that unless the goods were sold at absolutely cost price something must be put on to the wholesale price. He buys at the price as cheaply as he could buy if his society was not there.

142. Then let me put it in another way. Do you claim for your Society by reason of its extent and its powers of purchase it is able to beat the small shopkeeper?—Most emphatically yes.

143. But I could find you a good many instances of working men who have saved hundreds of pounds, who have never been into your shops?—Oh, yes, and I can find many who have done that.

144. I am not at all speaking against your principle. I understand you claim that you charge not more than the ordinary shopkeeper, and that you return the purchaser his 2*s.* in 1*l.* besides?—That is what we do. We think so. Our existence is most emphatically a benefit to the community, and if everybody would try it the world would be better off than it is to-day, and you would have no trouble in the East End of London.

Mr. *Tunstill*—continued.

Mr. *Livesey.*

145. As I understand, your system of co-operation extends to those who have put capital into the business and to the consumers, but you do nothing for the producers?—I think we do everything both for the producers, the consumers, and the capitalists.

146. You give something directly to the capitalists; you pay him interest upon his capital. You give to the consumer a dividend derived from the profits of the business. But you do not give the producer, the man who makes your money so to speak, anything beyond his bare wages?—But we consider that the consumer and the purchaser are the capitalists.

147. But they are not necessarily so?—Not necessarily so, but we are striving to make them so.

148. Your bootmakers at Leicester are not the capitalists of your concern; some of them may be perhaps?—They may be members, and, to the extent of their being members of the Leicester Co-operative Society, they are capitalists with us, and in that way they will get, if they are members of the Leicester Society, a share of the profits that we make at Leicester.

149. Is not that so indirect that they cannot appreciate it?—We should be very glad—I should certainly be so myself—if all the distribution of profits could come round in that way so as to make everybody feel the benefit of profits, because if you are to have a universal distribution of wealth it will have to come to people in small quantities. What we want is a universal distribution of the wealth of the land by means of better production and distribution.

150. You are aware that the producers say "We do not get a fair share of the wealth we "help to produce." Now I should like to ask you what is your Society doing to help to the solution of that question?—We are doing everything in the world, because we are striving that this wealth which is made in distribution shall belong to those who produce. That is our purpose and aim.

151. I have here the speech you made at the Co operative Congress. As I read your speech, you there seemed to be the advocate of the consumer almost entirely. You say, "Let all the "profits go to those who consume the goods, "because they have made them"?—Yes, and I will tell you why. If there were no consumption; if you did not consume and did not use, where on earth would your profits come from? It is through that means only that the wealth that comes by production is given. I know that some people say that to produce is divine and to consume is human; but I should like to know where the divinity in man would come from if he did not consume.

152. What we want here is to know how we are to reconcile capital and labour?—That is right.

Mr. *Livesey*—continued.

153. And are you pointing in that direction?—We think so. I say so most emphatically; and if everybody will carry out our principle I believe most emphatically that we shall reconcile the interests of capital, labour, and consumption in a manner the world has never seen before.

154. Do not you think that if you carried out your principles of co-operation fully and completely—not merely as to consumers but as to your own workers—you would get a body of workmen who would take a greater interest in their work than they do now?—We have, I may say on that point, a capital class of workpeople who have a strong interest in their work. One man said to me on one occasion he did not know that, whatever share he got, he could take a greater interest in his work than he was taking. I know there are those who think otherwise; but what does it mean, if you will allow me to put it in that way; it means this, that a man will not give his best energies for an honest wage, but he wants some other inspiring motive in order to lead him to put forth his best efforts—for which he is engaged—to serve his fellow workmen in different parts of the country.

155. As a wage-receiver he is simply a hireling, whilst as a shareholder in profits he would be a partner. Now of course there are individuals, and indeed I am bound to say many workmen, who take a downright interest in their work and do their work honestly and conscientiously; but do you not think that the generality of men would work better and endeavour to promote the interests of their employers more if they had a direct interest in the profit as well as receiving their wages?—I should not like to think so. I am bound to give you my honest conviction. I have been a servant all my life. I worked for 1*s.* 6*d.* a week at the beginning of my days, and whatever profit might have been handed to me in the work I do not see that I could have done more than I did. I should not like to feel that the selfish instinct would give increased energy to the work of any man.

156. For all that, you cannot ignore the fact that self-interest does exist?—I do admit it. It is perfectly true.

157. As to your system of co-operation, do you think it tends to promote thrift and temperance among the working people?—I do think so; I am fairly convinced of that.

158. I can quite understand it should promote thrift, but how does it promote temperance?—I will give you an instance of a man who used to spend his money regularly at the beerhouse. His wife became a member of the store, and he was also induced eventually to become one, and he became more sober from seeing that his money was being saved, and then he began to tell other people. It was the old story of "Buy "your own cherries." William Cooper, one of ths first secretaries of the Pioneer Society when I was a teetotaler and he was not, used to make the remark, "Our system will make more "teetotalers than any other" I only state that to show that the tendency is, when a man's wife begins to save, that the man himself begins to save. I am sorry it is not always the case, but in many cases it has the effect of making him more sober and steady and thrifty.

159. And so it has largely promoted thrift and temperance?—These are the three great qualities I advocated, as perhaps you noticed at the Congress, temperance, co-operation, and religion.

Mr. *Tait.*

160. How is the committee of the English Wholesale elected?—The whole of the Committee consists of 32 persons. There are 16 of the general committee who meet at Manchester, 8 belonging to Newcastle and 8 for London, and they serve, every one of them, for two years, one of each 8 retiring alternately and two at the central, quarterly. The general committee—in addition to the 16 at Manchester—is made complete by the rules from two representatives being sent from Newcastle and two members from London. That constitutes the real executive of the Wholesale Society though there are 32 members who constitute the whole executive body; but these constitute the executive authority by the rules. Now, two retire at Manchester quarterly and one each at the other place. Mr. Brodrick, our accountant, who is here will at the proper time send round to all the societies in the Federation who have power to elect and take part in the voting a paper called a nomination paper and every society has the privilege of nominating either those who were retiring or such other persons as they may deem advisable to be on the committee. Those nominations are sent in. After they have been sent in a certain time my friend Mr. Hardern, who is one of the scrutineers, and another colleague of his, go through these nomination papers, examine them and then send out a voting paper at a given period. Then this voting paper is sent to every society in the Federation, and they are asked at a given time before our quarterly meeting to send in that voting paper with a mark opposite to it showing how they are disposed to vote. Then Mr. Hardern and his colleague take all these voting papers, examine them, and declare to the proprietors who are elected.

161. In short the societies that are under the Federation have within their own hands the controlling and election of their own committee?—Yes, exactly.

162. What is the relation of the English Wholesale to the Scottish Wholesale?—The relation of the English Wholesale to the Scottish Wholesale is that they work together in harmony. The Scottish Wholesale have at the present moment 25,000*l.* in our funds in the form of a loan. There has been an effort made to try to make us a combined body. There was a difficulty however. The law did not permit it. But we are working together. We work

Mr. *Tait*—continued.

together and our people in different parts of the country buy goods for them. Our buyers buy goods for them, and we divide the profits in proportion with them.

163. That is to say, while there may not be any financial responsibility on the part of either of the societies to the other yet they have an arrangement whereby they assist each other in the conduct of their business?—Yes, they decidedly work together. The only responsibility is this 25,000*l.*—the loan.

164. That is not capital. It is a loan?—Yes.

165. Who conducts the business of your Newcastle and your London branches?—These eight persons. There is an executive of eight persons in Newcastle and an executive of eight persons in London, and they have managers under them whom they appoint, and these appointments are sent to the general committee for approval.

166. The work which they do has to be confirmed by the general committee?—Yes.

167. They have the entire control?—Yes.

168 Now the Co-operative Union which I believe you are members of was lately formed into a limited company under the Limited Liability Act?—Yes.

169. Will you explain to the Commission the reasons that led the co-operative people to form that company?—The main reason, I think, was to secure the permanency of a body corporate.

170. The fact was, that previous to your being registered under the Limited Company's Acts the whole of your property would be in the hands of trustees?—Yes, that is so.

171. Having formed yourselves into that company you gain all the other commercial advantages which other people have?—Security and permanency.

172. In answer to a question by Mr. Bolton you stated the different rates of interest paid upon share and loan capital?—Yes.

173. Has not loan capital a preference or priority over share capital?—Share capital has 5 per cent. and loan capital has 4 per cent. interest.

174. But supposing any financial difficulties were to take place in any co-operative society, would not the loan capital have to be paid out first before the share capital?—Yes.

175. Is that the reason for the difference in the rate of interest?—I do not know It is one basis, but it was not given as the real basis. At one time loan capital used to have the same rate of interest as share capital, but it was thought that loan capital could be obtained at 4 per cent., and the interest on loan capital was reduced from 5 to 4 per cent., but the rate of interest on share capital has not been reduced. Our share capital has not increased in proportion to our fixed stock. We are trying to make our share capital in accordance with our fixed stock.

176. By the Industrial and Provident Act under which co-operative societies are registered individual shareholders are restricted, are they not, to having 200*l.* worth of stock on the Society?—Each member.

177. Now, were all such restrictions removed, do you think you would be able to get the co operators to invest in share capital the amount of money which a number of them now have invested in loan capital?—That is a hypothetical question which it would be very difficult to answer; perhaps so and perhaps not.

178 Perhaps you could answer the question in this way. Do you think that this Commission would be justified in recommending Parliament to remove the restriction as to anything beyond 200*l.*?—I do personally. I should like that to be in the discretion of the proprietors themselves.

179. I am glad to get your personal opinion, but I am still more desirous of getting your opinion in your representative capacity which is a very important one?—We have not come to a decision really on that point. We have to give two kinds of opinion, our personal opinion and our representative opinion I am here in my representative capacity, and so far as I know the disposition of a great many is to allow only 200*l.* So far as I am personally concerned, I do not think that limit should be fixed. There are many societies I may tell you which will not allow them to put in more than 25*l.* or 30*l.*

180. If this restriction in the Provident Societies Act were removed, it would have a tendency to place more of workmen's moneys in your hands, would it not, for the purpose of carrying on co-operative production?—There are some differences of opinion upon the point. Some persons have been sorry when they have been compelled to withdraw their money from us. Others would not put in to that extent. Some would put in very much more than 200*l.* But if they found an institution growing stronger and stronger every year then there would be a greater disposition and desire for the removal of the limit of 200*l.* My own belief is that if the restriction were removed it could not do the societies any harm, and it might do that section good which requires a larger means of investment.

181. What is your opinion as to there being joint action between your co-operative body and the trades unions of this country, with the view of encouraging co-operative production?—So far as I know the harmonious relations are growing stronger.

182. And if the restriction to 200*l.* were taken away, do you think that it would have a tendency to encourage that feeling which we are glad to know does exist between those two bodies?—Yes, I dare say it would. I do not know whether it is involved in your question, but I may say that money raised for trade union purposes in the present state of society never could, in my opinion, be used for industrial manufacturing purposes.

183. Have there been any conferences at which you have been present between the trade unions and your body?—Not recently.

Mr. *Tait*—continued.

184. But you have from year to year sent representative men to the Trade Union Congress ?—Yes.

185. And the Trade Union Congress reciprocate that action on your part by sending representative men to your Co-operative Congress ?—That is so.

186. Are you aware that the Trade Unions Act, which most of the larger Unions are registered under, would prevent the putting of one penny into the co-operative movement ?—I did not know that the matter stood just in that form, but I believe it is a very good thing that it is so for their funds.

187. Do you wish the Commission to understand that you disapprove of the million of money which at present lies at the disposal of the trade unions being invested in co-operative production ?—I do not know if I should disapprove of it if it could be guaranted that there should be perfect security and perfect safety. The money which is subscribed by working men should have sources of guarantee and strength, and should not be used in businesses which may be risky or where there might be any risk. Therefore if they can be sufficiently protected by law I see no harm in it. But when a fund is raised for a special purpose, and a special purpose only, you cannot apply it to any other purpose. If you ask me as a question of principle, then I say I do not see any reason why they should not use their money to the best advantage; but then it should be used constitutionally under proper guarantees.

188. Is there any reason why the trade unions who gather money for particular purposes should be restricted from investing that money for the purpose of carrying on co-operative production ?—I do not know that there is except such restriction as they put upon themselves. The law ought not to restrict them.

189. May I take it in this way then, that if the law were altered so as to admit of their so investing, you would personally take no objection ?—I should take no objection whatever myself.

190. Do not you think if such a restriction were removed it would give an impetus to co-operative production ?—It might do, but then in any answers which I have given on this point it must be remembered that there should be great care exercised in its investment, because individual members change, and one person might have a great interest in an institution and another only a very small interest. Now the person who has a small interest in the institution would be more ready to vote for risking the money when he was running little risk himself than the other person who had a greater interest in it; so that it would depend very largely upon the circumstances of the case. If persons will exercise judicious care to make the money safe, investing it in production in such a way that the money should be perfectly secure, and not run a risk with money which has been subscribed for a good purpose being wasted at the whim and caprice of any given number of persons who have little or no interest in the matter, then I should say by all means let it be so invested.

Mr. *Tait*—continued.

191. On page 11 in your summary of evidence, and in reply to the Chairman, you explain that from about 1850 up to about 1870 the statistical returns which are there incorporated were incomplete ?—Yes.

192. But are they complete from 1880 to 1890 ?—So far as I know.

193. You do not know of any complaint that the Registrar has made of their not being sufficient ?—Yes; the returns are as complete as they can be obtained; but the societies have had to be summoned for not sending in returns, and summonses have sometimes been sent out at the instigation of the Union.

194. Just so, therefore we may take it that it is a fully complete return, especially that up to the year 1890 ?—Yes.

195. Now, what has been the position of your Committee or your Congress in regard to the question of payment of bonuses to your workmen ?—Resolutions have been passed in favour of it.

196. In favour of payment ?—Yes.

197. By the united body of co-operators ?—Yes.

198. And they can be taken to be expressing the views of the co-operatives of the country can they ?—Of those who were present, as to their representing the views of the entire body of co-operators, so far as I know, they do. It is the only return there is.

199. Those who might have voted at that time were not doing so in a representative capacity, but were exercising their individual opinion. May I take it to be so ?—Yes.

200. Was it very decisive in favour of bonuses ?—No, not very; just a moderate majority.

201. Has your committee considered the question ?—The Wholesale Society ?

202. Yes ?—Yes. It has been voted on one occasion, and given up again; and it has been brought before the proprietors of the Society, and they have declined up to now.

203. What were the reasons that you departed from it ?—It was not satisfactory; inequality of its distribution, and the want of a proper basis for determining quantity; unsatisfactory altogether.

204. What was the basis you paid upon ?—Upon the wages and business.

205. That is that you give the workmen the same proportion of profit for 1*l.* of wages as you did upon the purchases ?—No, it was not in that way. I have not the scheme before me just now; but it was on the basis of so much profit and so much business done; exceeding a certain quantity of business—a certain proportion was added to the profits.

206. You do not divide it in the same way as the Scotch Wholesale Society divide it ?—No, some of the societies do, but we do not.

Mr. *Tait*—continued.

207. You are aware that there are plenty of distributive societies who have accepted the principle of bonuses?—Yes, there are some who have.

208. And they give their employees the same advantages as they give to the purchaser?—Yes.

209. The same for 1*l.* of wages paid as for 1*l.* of purchases to the member?—That is so.

210. And do you think within yourself or do your Committee that it is a fair and equitable thing for the workmen to get a division of profit?—If you ask my personal opinion, I say no, it is not a proper basis for distribution so as to be to the advantage of the workmen permanently, and our Committee have not deemed it advisable to ask the proprietors to consider it again. That is the position we stand in.

211. You have said that co-operation you expect will lead to a universal distribution of wealth?—I hope it will, and if they will carry it out it will.

212. I take it you mean that the work of the country would be more equitably distributed than it is at the present time?—Yes, but may I be clear on that. I am not in favour of the distribution of wealth by law, or any other system of that kind, but I think that the business distribution, production, importing, exporting, and financing shall be so conducted that all their advantages shall flow in the direction of the body politic, and prevent the possibility of the accumulation of wealth in any particular channel, and more than in the ordinary way; and I am in favour of the distribution of wealth on a wide basis which shall come by thrift, by industry, by sobriety, and all the other good qualities that constitute a good man.

213. Then you believe that it is necessary that there should be a more equitable distribution than that at present in operation. You do not think it would be a wise thing on the part of the co-operators to show to other commercial classes that one means of getting it is by a bonus upon labour?—Because I do not think it will accomplish the end desired. It will only tend in the direction of creating a new order of capitalists—that is my feeling, the creation of a new order of capitalists—and that instead of maintaining that permanent distribution or wider distribution of wealth which is desirable always to be maintained, there would be a liability from the fact of sectional distribution of profit to its accumulating in a few hands rather than its being maintained in the hands of the community.

214. You could only get it universally, providing that every man was a member of a co-operative society?—Yes, and I want to see that a co-operative society shall be so conducted that it will be an impetus and a part of the inspiration of every man to become a member of a co-operative society, because that will bring to him the greatest good and benefit in life. I am speaking commercially now.

Mr. *Tait*—continued.

215. Yes, but failing your being able to get the whole of the inhabitants of the country to join, you are not prepared to make a sacrifice on the part of the co-operative movement in educating a certain class of people who are not members by giving them a certain amount of the profit which may accrue?—What I am in favour of always is, that if I cannot have my own way I assist in the development of that which comes nearest to it, and if it was proved that the method which you propose or about which you ask the question is the only method by which that can be accomplished, then I shall be willing for that to be adopted. That would be my course.

216. Have you any of the workmen that are in any of your productive societies that are upon your board of management?—The Wholesale Society, do you mean?

217. Yes; upon the board of management or the committee of management?—Yes; but are you speaking now exclusively of the Wholesale Society?

218. Yes?—Then will you repeat the question?

219. Are there any workmen that are employed in any of your productive works that are upon the committee of management of the Wholesale Society?—No.

220. Are there any of them known to you that are upon any committee that guides the work of any of your productive societies?—I think so, and retail societies also.

221. I know there are in retail societies?—And I think there are some in productive societies. I am not quite certain, but I think so.

222. Might I ask you then, in the opinion of your board, or in the opinion of your committee, whether they agree with the principle of workmen, whether they be co-operators or not, that are employed by you, being appointed by their own fellow-workmen to be placed upon the board?—Not for the directing of the institution where they are servants.

223. Not for that?—Not for the directing of the institution where they are servants.

224. Therefore you would be opposed to any workmen being on the board?—In the institution where they are working.

225. Now supposing you got that universal system of co-operation which you are so desirous of seeing, it would have to be so?—Then the interest would be common. You would create a new state of things in that case, and where the interest is common there can be no special interests, but in the other case to which you are referring there would be special interests adopted. Where there are special interests the case would be different, but where the interest is universal and common the circumstances are continually altering.

226. But the principle is the same. If it is good universally it must be good sectionally?—I have found this, that where interest changes the methods of action change, and men change

Mr. *Tait*—continued.

in their policy at times, and that therefore in any movement there must be commonalty of interest and commonalty of purpose where you want unformity of action.

227. In regard to the question put by Mr. Bolton as to income-tax, you did not object to any co-operator having to pay income-tax who is liable to do so by law?—We do now. We pay on the benefit we get from the Wholesale Society or any other society. I pay income-tax upon that and so does every other person—so does every witness here to-day.

228. No co-operator has refused to pay it, has he?—I am not aware of such a case, and I hope he never will.

229. Has the thought never struck the Wholesale Society that if they had to pay income-tax upon their aggregate profit that by reducing the price of their goods they would reduce the profit of their business?—It has never arisen, and Parliament would not be so unjust as to pass a law to cause people who were individually not liable to pay income tax to have to pay it because they could take hold of them in some other way. Allow me to put it in conjunction with this, that if Parliament will undertake to secure for the whole of co-operative societies a profit (and our charges follow profit) I will agree with you, but charges ought to follow profit.

230. But there could be that result, that if Parliament was willing to make the aggregate profit the basis of paying income-tax, you could reduce the wholesale value and the retail value of your goods in order to reduce your profit?—Yes. But your question is of a hypothetical character that considers a state of things that does not exist, and very likely cannot exist.

231. But the question has been put, on the other hand, to bring out certain results. Now, what would be the result of the reduction of your wholesale price, and also the wholesale price in your distribution society?—The result would be that there would be a lessened dividend, and people say that when the charm of the dividend goes away, then the societies will not have the business they have now. Whether that is so or not is another thing.

232. Would not the effect of your being able to sell under the ordinary value tend to cripple private enterprise?—They have reduced their prices. It has been always the very first principle of the starting of a co-operative society, and is now, to sell goods at the prices of the day; distribute them amongst their members as cheaply as they can, and then, after the expenses are paid and interest is paid, to divide the rest among themselves. There can be no easier, no plainer, no simpler method of conducting the business that I know of.

233. Let me put it in this way. Assuming there is a distribution society which is paying 2*s.* in 1*l.* dividend, then if that Society was to reduce its price of goods by the method of the wholesale which supplies them to that extent, reducing its price, and they were just simply to sell their goods at a price which would cover the management expenses. Would not that tend to cripple all private enterprise in the locality from the very fact that they were able to conduct, and did conduct their business at 2*s.* per 1*l.* less than what other people were doing?—No. I will bring forward an illustration which is found more in the city of London than anywhere else.

234. Would you just answer my question Would it not naturally follow that you could do that?—If they reduced their prices so that there would be no dividend.

235. And the fact of there being no dividend would be due to your being able to undersell considerably the private trader?—Yes, I should think so in that case.

236. And that would mean that the co-operative society would get the business instead of the private trader?—Yes.

237. That is looking at it from the ordinary standpoint of the law of competition in the country?—Yes; but that is not a method of arguing.

238. Now in regard to strikes, you have explained that your committee of management has been very desirous of meeting with the trades union officials?—Yes.

239. Have they met them?—Yes.

240. You have never found any difficulty with these men, have you?—I do not know that we have. We have always been very reasonable.

241. They have supported you when you have had strikes, even when they thought your own members were wrong?—Yes.

242. Did they do so in your Leicester strike when they considered you were doing wrong? They assisted you out of your difficulties, did they not?—They did.

243. And you believe that is the best way of settling disputes?—I do certainly.

244. And the suggestion you make to the Commission in regard to employer and workman is that they shall meet and confer for that end?—Exactly. Striking is a barbarous system which might be done without.

Mr. *Abraham.*

245. What is the basis upon which your Society fixes the wages of the workmen?—According to trades union regulation.

246. And there is no other relationship between the co-operator as an employer, and a co-operator as a workmen, than that which exists between ordinary employers and employers?—In that sense not.

247. In which way then would you suggest that the worker shall share in the profits?—If a man earns 1*l.* a week in our establishment (which is about the average, I daresay, all round) if he be a member of a co-operative store, and spend that 1*l.* at the store for his own requirements in the locality where our

Mr. *Abraham*—continued.

works are then he will get on the ordinary profits of the business in the co-operative society sometimes a dividend of 2*s.*, and sometimes of 2*s.* 6*d.*, and sometimes of 3*s.* If 2*s.* were the dividend on the 1*l.* he would get, as I have put it in my evidence, 22*s.*, and that would be the method of his sharing in the profits, and if the member of the society bought his goods which are produced by the wholesale department, whatever profit the wholesale productive department had made would help to swell the profits of the distributive store, and they would come back to him in that direction. It is a complete system.

248. Unless he is a member of the co-operative store he has no advantage whatever as a workman?—That is so. I think he would be wise if he were to become a member of the co-operative store.

249. But he has no advantage unless he is a member?—That is so, except that one point that I raised in the evidence which certainly is a valuable point—steadiness and continuity of employment, and the capital conditions under which he works. If you allow me just to enlarge upon that, there is the very fact of us only making goods for a known market, and our people in the distributive department placing orders for known requirements, and most likely (and we have found it to be so) we can make more continuously for a known market than if it was an accidental market which a private person had to provide for, and which he might never get.

250. Then you have no suggestion to make as to how to improve the relationship of capital and labour unless they become members of your society?—Yes, that is what we want them to become—co-operators, and if they become co-operators and come into our federation it is bound to improve the relation between capital and labour.

251. You believe that consumption should be the basis of the growth of wealth in this country?—I know no other basis. I never have been able to find out any other yet.

252. But is that your opinion?—That is my opinion, because I know of no other.

253. Then has the worker independent of his being a member of a co-operative society no right to a share in the growth of that wealth? Yes, I say he has a proportion as he sustains that growth by his consumption.

254. But how is he to sustain it under your rules unless he is a member?—It is his own fault if he is not a member. If a person will deliberately throw money away we cannot help it.

255. Have you any suggestion to make as to how it is possible to improve the relationship between capital and labour independent of the workmen becoming members of your co-operative stores?—No, not at present.

256. None whatever?—Not at present.

257. Then would reducing the prices increase production?—Reducing what prices?

Mr. *Abraham*—continued.

258. The prices of the articles to be sold?—I do not know that it would. We have had enough of that kind of thing. The reduction of prices is a subject we have had on recently, and had before us. The reduction of prices leads to miserable productions, and we have found that we could not produce articles at prices they were buying at in other parts of the country, and therefore we declined to make that kind of stuff at low prices because it is neither good for the workman nor good for the consumer.

259. Would the consumption be increased by a reduction of prices?—In some cases it might, but I do not say a very great deal. I do not see it. In some cases it might, and in some cases it might not. It depends upon what you refer to. If it was a question of flour between 5*s.* and 2*s.* 6*d.*, a score, as we call it—20 lbs.—and if it was reduced by 1*d.* a pound or 1½*d.* a pound it would increase the consumption; but it all depends upon the consumption of the article to which you refer. There are some articles of which you could not increase the consumption. With some things you might, and with some things you might not.

260. Then as a co-operative, you would not promote the increase of wealth by the increase of production to the extent of reducing the wages of the workmen, in order to attain that increase?—Not by any means. Will you just let me supplement that answer. I want to see the workman most generously rewarded He deserves it, and no one deserves it more.

261. But what does your society do to bring about that state of things?—We are doing what we can to give continuity of trade, capital conditions of work, and as full wages as anybody is given.

262. Then if that anybody else reduces his wages, would that be a reason for you reducing them?—No, it would not. Other people have reduced them, as I have shown this morning before, and we have not done so.

263. Supposing trade union wages were reduced in the localities where you employ your men?—That would be a matter of regulation with the trades unions, for this reason, that if our works anywhere or anybody else's works could not sell our goods, then our people would have no employment at all. We should have to be governed by what was doing outside generally. There is no doubt about that.

264. So that the welfare of your workmen as such depends upon their being trades unionists, and not upon their being workers in the Co-operative Society?—Not necessarily so. Whether a man was a trades unionist or not who was in our employment, we should give him the highest rate of wages that we are paying.

265. And that rate of wages is regulated by the wages fixed by the trades unionists outside your society?—Yes. You may put it in that way—I have no objection to that.

266. So that the rate of wages paid to him, of course, is regulated by trades union wages?—Yes.

Mr. *Abraham*—continued.

267. And not by any theory of co-operators?—That would be a question that would require argument.

268. But is not it so?—Co-operation helps trades unionism, and trades unionism helps co-operation. There are mutual advantages in both, and I think they both will always exist so far as I know. So far as co-operation is concerned, it helps to give good wages. What we want to bring about is, that where we give good wages, trades unionists themselves shall buy the goods which are made under the best conditions, and which have been made for the highest rate of wages. But if they will not do so, we should want them to help us.

269. But it is the rate of wages earned by trades unionists that governs the rate of wages paid by your society, is not it?—Yes. I do not know that I could answer more than I have done.

270. I should like to understand this. Wherein comes the identity of interest between trades unionism and co-operation, if the worker is to receive no benefit?—I thought I had answered that question before.

Duke of *Devonshire.*

271. I understand your view to be this, that a worker receives a benefit as a consumer?—As a consumer.

Mr. *Abraham.*

272. Independent of that, he has no benefit at all—only that secured to him by the trades union?—There is the element of continuity of the employment, and a very strong and powerful element.

273–4. The colliers, for instance, may have continuity of employment if they agree to deliver their coals to foreign countries at a lower rate than they do?

Mr. *Dale.*

I understood the witness to mean that the trades union secured for the workman opportunities of working at a higher rate of wages than, in the absence of a union, the workman would have secured, and that the Co-operative Society enabled workmen to spend those wages at greater advantage than if it did not exist. That is what I understood?—That is it.

Professor *Marshall.*

275. Was not the original notion of co-operation that all the various people concerned should work together for a common purpose. Is not that the meaning of the word co-operation; for a common purpose?—Yes.

276. And is the account that you have given of co-operation quite the same with that?—Yes.

277. In what sense do the producers in productive works belonging to the Wholesale Society take a share in managing their works other than that as citizens, they take in managing

Professor *Marshall*—continued.

Woolwich Arsenal for instance. Is not the relation in which an individual co-operator stands to the society neither nearer nor more distant than that in which the individual citizen stands towards the management of Woolwich Arsenal?—The workman in our employ being a member of a store has his control over the Committee to the extent of his voting power.

278. Is not the organisation this that the Committee of the Wholesale appoint the managers of district works?—Yes.

279. In the same way as the Government appoint the manager of Woolwich Arsenal?—Yes.

280. Is not it true that the Committee of the Wholesale are appointed by a meeting of the delegates?—No. I have explained how the Wholesale Committee were appointed a few minutes ago. Every person who is a member of a society, through his society has a power to the extent of his voting power to vote for the Committee of the Wholesale. I have explained that only a few minutes ago.

281. Are the Committee of the Wholesale elected directly by the individual votes of the individual members of the Distributive Society?—Yes, in this sense. I have said just now that at the proper time they have the power to nominate upon a paper. At the proper time those nominations are put upon a voting paper.

282. Nominating whom?—Nominating those whom they want to be committee men. That is there are something like a thousand societies in the Wholesale Society, and there are something like 800,000 members in connexion with those societies, and whenever a vacancy occurs on the Wholesale Committee (as I have said there were two at every quarter for Manchester, and one each for Newcastle and London), every society in the Federation, and of course everyone of these societies has power to ask for nominations from their members. Sometimes it happens this way that a society will refer the nomination and election of the representatives to the Committee of the individual society. The same societies vote in open meeting for that applicant of the Wholesale Society whom they wish to vote for. There are those two methods. To a large extent this method is that these voting papers are sent round to a society, and it is not our business to inquire whether the members meeting vote for the voting of the committee, or if it is the committee themselves, or delegates assembled together. Those are sent round quarterly.

283. Then by various methods it comes to this, that the individual members of this distributive society acting separately, or acting together, appoint a committee to manage the Wholesale?—Yes.

284. And that committee appointed managers to carry on, say, the Crumpsall Biscuit works?—That is right.

285. And the individual co-operator not having any greater influence on the way in which the Crumpsall Biscuit works would be managed, than he would have in deciding how

Professor *Marshall*—continued.

Woolwich Arsenal would be managed, except that at the present moment there are fewer co-operators than there are citizens ?—Yes, every individual member of the society has the power to vote for a committee, and that is the method of voting for them, and they vote for them by representatives.

286. So that if the ideal of co-operation were reached, and every Englishman were a co-operator, then the right that every Englishman would have to control the Crumpsall Biscuit works would be neither more nor less than that which he has to control Woolwich Arsenal ?—He would have power to appoint representatives to vote for the committee just the same, I suppose, as they appoint the President of the United States of America.

Duke of *Devonshire.*

What you want to get, Professor Marshall, is the constitution of the governing body of the Wholesale Co-operative Society ?

Professor *Marshall.*

287. Yes. What I want to get at is this. Should the co-operative system, on the lines advocated recently by you, Mr. Mitchell, be fully secured, and every Englishman become a co-operator, the result would be simply a new form of management of certain industries by a Government for the people ?—Every citizen (and I wish that could be brought about to-morrow) would have the power to vote for the committee of the Wholesale Society.

288. And the result would be as much co-operation, in the full sense of the word, no more and no less than there is now in the management of Woolwich Arsenal by the private citizen ?—Well, I am not here to defend Woolwich Arsenal at all. I am speaking now of the Wholesale Society. If the principle were carried out, as I would have it carried out, every citizen would feel the influence of this great and powerful system, from the centre to the circumference, and they would feel that they were associated with something better than what is in existence to-day, and every citizen would be raised and would occupy a higher and nobler position.

289. I am not asking you to defend Woolwich Arsenal; I am asking simply whether the movement of co-operation in the direction which the English Wholesale has recently given to it, if carried out perfectly, would have any other result than simply the handing over of industries to be carried out by the Government in the interests of the whole nation ?—Might I be allowed to state it a little further. If the illustration could be carried in that direction, then it might be said to be more complete. In the way that you are asking me the question it would not be complete. As it stands at present the constituencies elect Parliament, Parliament does not even elect the Government, except in one way, by a sort of negative vote, but if the country were called upon directly to elect the Government—every post from the Prime Minister to the most humble positions—then there would be a comparison to ourselves if that was done, and of course that would be an illustration. That I cannot interfere with. The nation do not elect the Government by a direct vote, but they elect Parliament, and Parliament really determines who shall be the Government practically.

290. Then I will put it in this way, that if the co-operative system on the lines on which the English Wholesale is at present working were carried out according to your idea, the result would be the same as if the industries of the country were carried on by persons appointed by the individual citizens through the Government, some slight changes in the Constitution being made ?—To a large extent it would tend in that direction, and the sooner the better.

Mr. *Gerald Balfour.*

291. You say that one of the objects of the Co-operative Union is to conciliate the conflicting interests of the capitalist, the workman, and the purchaser, by means of an equitable division among them of profits ?—Yes.

292. I fail as yet to understand in what way your system can affect the relations of capitalist and workman ?—We do it so that the worker gets his share of our profits by being a member of the store and getting it in consumption.

293. That is to say, not in his capacity as worker ?—Not as a workman, but as a worker, so far as he consumes. He becomes a consumer and sustains and strengthens the business. I am bound to repeat these observations because they are so clear. Ours is a complete system in itself bound together by a common bond for the best interests of mankind.

294. So far as I can see you are in the position of any ordinary joint stock company in your relation to the workers ?— I do not know what you mean by joint stock company.

295. Or for that matter in the position of any private employer ?—In the position of any private employer in that sense.

296. You cannot be said to have introduced any new principle into the relations between capitalists and workers ?—Except so far as concerns the relation of the triune powers of capital, labour, and trade. We bind the three together, and that is better than the capitalist system of the present time; infinitely superior. We bind the three together. The capitalist only takes the thing as it is, and does not care what becomes of the other two, so long as he gets his share. Therefore ours is better and infinitely superior to the present capitalist system, because we bind the three together in a common bond; a trinity of social forces.

297. You said your object was universal distribution of the wealth of the country ?—As far as it can be, but not by law. Let that be clearly understood, not by law but by the

Mr. *Gerald Balfour*—continued.

ordinary forces of commerce, industry, and perseverance.

298. Does not a system which makes the share of profit depend on purchases tend to produce inequality rather than equality?—I do not think so.

299. You contemplate the time when everybody in the country will be a member of your co-operative store?—I should like to do so, and I hope I may. I cannot say that my faith is overstrong because of the selfishness of mankind, but I do contemplate that such a thing may be brought about by the universal distribution of knowledge of the highest kind.

300. If it was brought about the largest consumers would be the richest men in the kingdom, would they not?—Yes, and they deserve to be.

301. And to them would fall the largest share of profits?—Yes, and there would be the largest responsibility with them.

302. How would that tend to equality?—That would tend to equality in this sense; if a man has a family of 14 children he would be a large consumer and have more for his 14 children.

303. Not if he had less wealth to spend?—But it does generally happen, if you will kindly permit to say so, that the means do come about for the person to get sufficient food for them. It would come about. Personal consumption is comparatively a small matter with anybody, and we want to see it come about that where good is required great good will flow from it.

304. So far as distribution of profit is effected by your system, the richest men would continue to get the largest share of profit, would they not?—I do not think so. I know that is a debateable question, and I have had that over with other people, and I do not think that is so. I demur to that entirely. The richest man would not do that according to the working out of our system, in my opinion.

305. You mean your system would have some indirect effect by which such a result would be prevented?—Yes, certainly.

306. Could you explain to the Commission how that indirect effect would work out?—That indirect effect would work in this way: as it stands at present, those who have the greatest wealth upon their own personal wants spend comparatively little. It is their association and their surroundings which causes them to spend, they having different establishments in different parts of the country, and keeping large retinues of servants, and so forth. If wealth did not flow in such great abundance in those channels it would tend to flow in the direction of being distributed amongst a larger number of persons, giving to a larger number of persons greater means of social comfort, and enabling many children that now run barefooted to have a pair of shoes, and clothe those who are ragged with frocks, and so forth. This would come about by causing expenditure to flow over a larger area of the population, and not be spent upon a limited area of the population, and therefore the consumption would grow in the direction of those who want it, and I wish they could get a great deal more. Therefore we want this brought about, that anything that is made by trade of any kind shall get into the way of flowing in the direction of the poor people of the country rather than in the direction of the rich classes. We do not want to injure anybody, but I know that I was at a certain place when Lord Tredegar said to me that he would like to see a levelling, but he would like to see a levelling up, and I want to see a levelling up, and the poor brought up a great deal better than they are.

307. I suppose you contemplate a system under which all production should be carried on by your Society?—I do, and if London now with its population would only carry out our system of distribution and of production, London itself would have its hundreds of thousands of pounds to the credit of the poor people of London if they could be trained in that direction, and it would be an immense advantage to London to trade on our lines, and it would prevent the few who now grow rich by trading in London growing richer. Their riches they could have, but the fresh riches they made would flow to the consumers.

308. But production by private enterprise would cease altogether according to this idea?—Production by private enterprise would continue to flow for the common benefit. Let those who pay the profits get them back. That is the way I think they will go in the end. Our friends here spoke to me about income-tax, and I will explain it to you because this forces it on. Those who pay income-tax to-day only pay it because that income-tax is put into their hands by the persons who buy their goods, and practically it is the poor consuming public who pay all the income-tax.

309. But do you think the co-operative system is well suited for universal production?—I do think it eminently so.

310. How is it then that the co-operative societies have not advanced further in productive work than they have up to the present time?—If I were to answer that question as I think it ought to be answered and give my personal opinion it would be that our divided forces have caused more prevention of creating strength in that direction than might have been the case.

311. You mean the divergence of opinion as to the lines on which co-operative production should be carried on?—Exactly.

312. And you think that if this divergence ceases you will carry it on on a much larger scale than at the present time?—Yes. Putting it again as I put it this morning, I would like to see the distribution business done in the interest of the whole population, the goods that are sold produced by those who distribute them, the persons connected with the society engaged and employed in those industries, and then they spending the money they receive in those employments would develop such a distributive business and the distributive business would develop the productive business, and thus you

Mr. *Gerald Balfour*—continued.

would constantly have a circle of prosperity that would never stop.

313. You really consider that the comparatively small development which co-operative production has had is due to a difference of opinion amongst co-operators?—In some measure; but I think what we are doing has been an eminent success. We have lost a little money it is true, but in our department we have made since we started 106,000*l.* profit besides paying interest and depreciation. We have had a loss, including the loss for this year, to the extent of about 41,000*l.*, so that the profit we have made in addition to interest and depreciation for the benefit of our members is something over 65,000*l.*, and that 65,000*l.* has been distributed amongst those who have purchased our millions of pounds worth of goods that we have sold while we have been producing them, and therefore the productive departments that have made the 65,000*l.* in addition to interest and depreciation, besides wiping out all loss, cannot be said to have been a failure in my opinion.

314. No, but your productive energy has been confined up to the present time to comparatively few branches of industry?—There are not many. There is soap, and we have got a site for a larger soap works. We are manufacturing boots and shoes in parts of the country, and we are manufacturing cloth. The last named has not been a very great success. We also started a corn mill last year in which we had a loss, but that was owing to commercial changes in the value of the article. If it was within the scope of the Commission to have it I could show that in that very loss there is an example of the splendid advantages of combined action in production of an ennobling character, and I could show that our action in production is infinitely superior to the common system of private trading enterprise.

315. You confine your production to articles of necessary consumption by the working classes?—To what we require—that is so.

Sir *John Gorst.*

316. What would become of the poor people who now get their living as retail traders, if your system were carried out?—I should say in answer to that, come with us, and we will do you good. That would be my answer. They would join with us and get the same advantages as we get.

317. But they could not become purchasers at your store unless they had got something with which to purchase?—The same thing would happen that happened and always has happened in the progress of nations. What happened with those poor people who were carriers in the country when railways started? What happened to the holders of those gas shares when gas was put out and the electric light came in? And what happens with every other enterprise of that kind? When some progressive step is taken in the interests of humanity they have to

Sir *John Gorst*—continued.

make their way; and I say that these poor traders would do the same.

318. Are not the small retail traders a considerable proportion of the population of the country in the villages?—Yes, they are.

319. Are they not for the most part women and people who could not enter the ranks of labour?—Oh, dear no. I do not think so. There are some that are so, but not all.

320. Are there not a good many people engaged in the retail trade in country villages who could not earn their living in any other way?—Then it would be better for those if they were taken out. Rather than maintain a bad state of things it would be better for the same people to make contributions and support them by subscriptions in that way if that is what you are to bring about. Every progressive age, every step that is made interferes with somebody's interest. There are large traders who do not care twopence or anything at all about those poor people when they themselves start, and I think there are more shops of the kind you name shut up by other private individuals than by co-operative stores—that is, by one private individual going in and shutting up a large number of these small shops to which you refer. I should think there would be more of them shut up by other private enterprises than by the co-operative stores.

321. Do not you know that a great deal of the distress has been caused thereby, and that that is one of the causes of the depopulation of the villages?—No, not altogether. A village has never been depopulated by the establishment of a store and by the lessening of the necessity for the small shopkeeper. A village has never been depopulated and injured in that way, but it has rather been benefited. The old state of things will have to pass away and a new state of things and happier and better days for the general body of the poor, will come about in time to come—it is bound to be so. I live in strong hopes of a better and brighter day for the working population.

Sir *Michael Hicks-Beach.*

322. Is ready money an essential principle of your business?—It is, but I am sorry to say credit is given sometimes after all.

323. Is credit often given?—In many cases. It depends upon how you use the word "often." It is in some cases and not in others.

324. Supposing there were a strike of persons out of employment and therefore without wages, what then?—There are a great many cases where that has happened. To take the North of England when that strike of colliers took place, we ourselves paid away, as our banker told me, 70,000*l.* in that district which belonged to the societies in small sums of 10*s.* and 15*s.* a week to members out of work through the strike.

325. But supposing a man was not a member of a trades union, and is thrown out of employment by a strike (and such cases constantly

Sir *Michael Hicks-Beach*—continued.

happen) and he is without means, could he get credit as a member of your Society?—He could not. There might have been sometimes cases of that kind, but as a general rule I should say not though I have known this that when such a thing has happened (and it is happening now) which you name at this moment, numbers, scores, I might say thousands, in those districts are joining the stores because they have seen the advantage its members have had during the time of strike in being able to go and draw 10*s.* or 15*s.* or sometimes 1*l.* a week for the purpose of sustaining them instead of having to get credit. That is the benefit of the system. If persons in the seven years of plenty will provide for a seven years of famine when they have an opportunity to do it, it will be a grand thing for them.

326. Then is it the essence of your system that a dividend accruing to purchasers should be retained in the concern?—Yes, we like it to be retained for their future benefit. Money is saved and then it renders it necessary in many cases to borrow. They put their money into the store and in a time of holiday, Bank Holiday, or any other holiday, instead of having to go and borrow money to pay expenses they can go to the store and draw the 4*l.* or 5*l.* out then as they want it, and it is their own money and they have no interest to pay.

327. Yes, but do not many of your societies divide annually the dividend due to members?—They divide it quarterly and place it to their credit but they do not pay it out unless the members want it.

328. And as a rule the members do not want it? Is that so?—In many cases they do not. In our case and in the case at Bolton of which the evidence is before you they have not wanted it and they have some thousand pounds. Mr. Hardern will tell you about that and also our friend Mr. Maxwell.

329. Did you ever have any strikes or disputes with persons in your employment before you took to the productive business?—I do not remember. I am not aware that there was any dissatisfaction that went so far as a strike as distributors pure and simple.

330. Then strikes have followed with production. Is that so?—Yes, strikes have been more in the productive than in the distributive department.

331. I want you to explain some point in the statement you have made about the Rochdale Pioneers. Will you turn to your summary of evidence on that head at page 7. It is as to the accounts. I find that you return your business in 1891 in England as 290,000*l.*?—Yes.

332. In the year 1877 you return it as 311,000*l.* and the profit in the year was very much the same as the profit in 1891, but on the other hand the number of members in 1891 was 11,600, I think, and in 1877 only 9,700, the capital in 1877 being 280,000*l.* and in 1891 370,000*l.* Now what is the reason of the business having decreased while the capital has so largely increased and the number of members has increased?—You see between 1877 and 1891 large profits were made. Prices might be in some measure different in 1877 (I cannot give you them just at the moment) and the members might have increased and even the families of members might have increased that year. More than one member of a family becomes a member of the Society, and therefore the business does not always increase in proportion to the increase of members. Is that what you require?

333. Yes, except that I do not think it quite explains it. I should have thought an increase of members and an increase of capital would naturally result in an increase of business, that is if the capital is put into the business?—Yes, but supposing a man has two children or one child to-day and then he gets four or five or six it may be some few years afterwards then the family has increased and each member of the family as happens many times joins the store. It is not so in every store; the members increase at a greater ratio than the purchasing power of the family.

334. At any rate the business has been stationary?—Yes.

335. Now may I take it that the balance of capital of between 280,000*l.* and 370,000*l.*, that is 90,000*l.*, has been put into other investments such as railway shares and has not been invested in the business?—Some has been put into railway shares and the Pioneers' Society have 40,000*l.* in the Wholesale Society and nearly 40,000*l.* in the Lancashire and Yorkshire Railway. They have over 30,000*l.* in the Midland Railway, and a large amount on mortgage at fixed rates of interest.

336. But why did they choose that kind of investment instead of extending their business according to their original intentions. If you turn to page 5 in your summary I see you say that the ultimate designs, by which I suppose you mean the object of the Pioneers——?—Yes.

337. Were first to establish a store for the sale of provisions, clothes, &c., which of course they have done?—Yes.

338. Then building, purchasing, or erecting a number of homes in which those members desiring to assist each other in improving their domestic and social conditions may reside, which I understand they also do; and then come two objects which are co-operative in the ordinary sense of the term, the commencement of the manufacture of such articles as the Society may determine upon for the employment of such members as may be without employment?—Yes.

339. And again the members of the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who shall be out of employment?—Yes.

340. Now what I want to know is this, why having these large surplus funds, the Rochdale Pioneers did not attempt to carry out those objects instead of putting their funds into railway companies?—You have to take there another element into account. The same persons did not exist in 1877 that existed in 1844 when those rules were framed that you speak of, and

Sir *Michael Hicks-Beach*—continued.

therefore with the change of membership, the change of population, there were changes in policy, and there was a change with them as to the methods of action, so that they took shares in spinning enterprises, but they did not carry them out themselves. They have taken shares in different cotton-spinning and manufacturing enterprises.

341. Yes, but what caused change of opinion? Did they make any attempt to try to carry out the original objects?—Only on the joint stock principle. There was one in Rochdale, a manufacturing society which exists now, and the Pioneer Society are large shareholders in it, and at that time (it was formed in 1857 or 1858) they started in this manufacture and gave bonuses to labour, and for a time it was carried out, but there were large agitations, and the ultimate result of those agitations was to discontinue it. Of course I am bound to say that in giving my own opinion I should have been very anxious for them to carry it out, because that is exactly in accord with my own will and what we are trying to carry out at the Wholesale Society. I perfectly agree with its sentiments, and I trust we may be able to carry them out.

342. But the Rochdale Pioneers tried to carry them out and failed, is not that so?—No, not in the sense meant by those who passed the resolutions, because they were carried out differently here. Those original rules contemplated that the manufacturing industry was to be the property of the Society, and that the land was to be the property of the Society, and they wished to find their members employment; and, amongst other things, they provided that when they got their land and manufacturing concerns with the view of encouraging the Society, they were to have temperance hotels. Now, why they did not at that time I am unable to say at the moment altogether, because their funds increased. I was not there at the beginning. I am not one of the original Pioneers, not being there at the beginning. I was only there in subsequent years, after they had begun with this procedure. There have been differences of opinion in the Pioneer Society as to whether and in what way money should be invested, and how works should be carried on. The result has been as you now find it. They have preferred up to now to spend their money in cottage property and in shares such as they have kept, and, as I say, there is the 40,000*l.* in the Wholesale Society. They encouraged the Wholesale Society as far as they were able in the direction you name now.

343. Practically, they confine themselves to distribution, and they are not producers?—That is so; they are only producers of bread. They are starting production through the Wholesale Society—they have a manufactory for production. They produce tobacco.

344. But they do not produce at all by their own works do they?—No. The manufacturing part does not require many servants in the sense which is contemplated in the original rule.

Sir *Michael Hicks-Beach*—continued.

345. Do you consider the large stores in London, the Civil Service and Army and Navy Stores, co-operative societies?—Not in our sense, though they are co-operative stores.

346. Are they members of your Association?—No, they are not members of the Wholesale. They have done business through us.

347. Why do not you consider them co-operative societies altogether?—We have gone on the principle of selling at the same price as others and making a dividend. They sell at cost price.

348. That is your definition of a co-operative society. It is a society that sells above cost price and pays a dividend to purchasers?—That is it.

Duke of *Devonshire.*

349. I understand that this system has been much more successful in some parts of the country than it has been in others. Is it not so?—Yes, very much so.

350. Can you account for that at all?—In some measure where there is what you call a shifting population, a changing population, where the persons are continually leaving and going from place to place. You do not get that solidarity of population and membership that you do get in a village where the manufacturing concerns are all clustered together and where the people do not often remove.

351. Have you had any success in London?—No, very bad. It is awful in London. I am sorry for it, but co-operative distribution has not succeeded. We have done everything we could to try and advance the interests of co-operation in London, but it has not succeeded hitherto—I mean within the city boundaries, the metropolis. Outside there are some splendid societies. For instance, down in Woolwich there is a splendid co-operative society.

352. I suppose everywhere you have met with a certain amount of opposition from retail and wholesale traders?—Yes.

353. Has that been more successful in some parts of the country than in others?—It has.

354. Has any organised attempt been made by the retail dealers to defeat your societies in any parts of the country?—Yes, in different parts of the country by different kinds of efforts.

355. By reducing their prices perhaps?—Both in reducing prices and by misrepresentations and other things.

356. You have been asked a great many questions about the production carried on by the Wholesale Society, and I understand you to have adopted that system merely as a matter of convenience and not as a matter of principle?—I do it as a matter of principle, and so far as I know our people do it as a matter of principle.

357. A wholesale society buys, generally speaking, I suppose where it can buy best and cheapest, does not it?—Yes, from all parts of the world.

Duke of *Devonshire*—continued.

358. And so it would not attempt to manufacture unless your committee were of opinion that it could do so as well and as cheaply as you could buy?—Well, there is one element there that comes in. We have no security of the articles that are being produced being always of the best kind and being produced under the best conditions. We have some articles now that our people even in London have bought that have not been made under the best conditions, and they are not the best kind of articles.

359. That is the fault of the buyer, is not it?—No. They are made under conditions that would not be accepted by any of those who take an interest in the development of labour, and they are bought at a price that we could not make them at, and they are sold at a price that of course we would not sell them at, and they are made in a manner that we would not undertake to make them in, from the conditions of their production, and the character of their production when they are produced. They come in at a certain price, and our customers are being taught to try to appreciate an article by giving a better price for it.

360. You mean you have been offering goods which have been produced by something in the nature of sweating?—Sweating, and not only so, but the composition of the goods has not been all that could be desired. I wish I could produce to you an article now which we have had pulled to pieces, a boot that looks well outside. I do not know how many, but I think not less than 30 pieces were put in the heel of it, and it was sold at 4*s.* 9*d.*, and we could not undertake to make an article of that kind within 9*d.* to 1*s.*, and would not like to make it at all, and the conditions under which it is made are most unsatisfactory. I do not know whether it would be just and right and proper to bring articles of that kind to a Commission of this character, but certainly there are methods of production that we condemn as most unsatisfactory, and I am quite sure that even our trades union friends would not commend, but do all they could to improve.

361. One of the duties of the committee of a co-operative society is to secure a good dividend to its members, is not it?—Legitimately earned.

362. And in that capacity it is their interest to buy as cheaply as they can?—Yes.

363. But in its capacity as a committee mainly composed of working men it sets its face against anything in the nature of cheapness if it is produced by anything like sweating?—That is so.

364. I understand the advantage which you secure to a working man by getting rid of the middleman and enabling him to buy goods at about their cost price, but I do not quite see the advantage you think there would be in rich men, for instance, making their purchase of groceries or meat or whatever it might be at one of your co-operative stores rather than at the retail trader?—I am decidedly of opinion that it would be greatly to his advantage.

Duke of *Devonshire*—continued.

365. It might be to his own advantage, but to the advantage of whom else would it be?—It would be advantageous by his giving his help and his support to the development of an institution in the country which was not only going to benefit, it may be himself, but also assist in benefiting all those who happen to be poorer than himself. We want to see the rich and the poor brought together so that all may be benefited.

366. How does it benefit directly the rich man if he buys his groceries at your store instead of at the grocers?—Take any locality wherein there is a store and where the richest man in the locality, it may be either a duke or a squire, then if he is a member of that store and buys his goods there he helps to increase the sales of the store, and by means of his helping to increase the sales of the store he thereby lessens the expenses. If it is a small store it would enable them to get their purchases, because he might want a class of goods that would enable them to get others at a different price, and thus by buying his commodities at the same place he strengthens the society and strengthens himself and strengthens the poor members about him.

367. He is supporting what, in your opinion, is a better system?—Certainly, and I would like to see all the members of the House of Lords and House of Commons and everywhere becoming members of the stores and assisting the poor people in the stores as well.

Mr. *Tom Mann.*

368. Respecting the question which has just been addressed to you as to the Wholesale obtaining good articles, supposing that you had comparatively little difficulty in obtaining under private enterprise conditions an abundance of all you require of good quality and at fair prices, and meaning by fair, fair as compared with what you have reason to believe the same articles would be produced at by others, would you then prefer to produce on your own account?—Yes, we should always be producing for ourselves.

369. Why?—Because we should have some control over the production of the goods.

370. Because you want to get control of the trade of the country?—Yes.

371. That is one of your objects, is not it?—It is one of our objects. We should control the trade and control it as regards production more to the interest of the poor.

372. Then may I put it in this way, that your distributive co operation is merely preliminary to productive co-operation?—That is so.

373. Then productive co-operation is exactly what you are driving at?—Exactly.

374. Is it the case that you desire to get such control of the trade of the country that you may be able to put a stop to the fluctuations that now take place?—Yes.

Mr. *Tom Mann*—continued.

375. Do you really sincerely believe you would be able to put a stop to them by the effects of your organisation ?—Yes.

376. Then if the rich men who have just been alluded to were to deal with the distributive stores and obtain the whole of their supplies for their households, and everybody in connexion with them, in so far as your distribution is only to give the control of production, then it would directly tend to further the exact object you have in view ?—Certainly.

377. And if a rich man spends as much in one week as 500 poor men spend in one week then it would be undoubtedly to the benefit of the distributive stores, and of the co-operative movement generally, if the rich man dealt there because it would enable you to control production to that extent ?—Yes ; but some people would argue in this way, that they would get 500 times as much profit.

378. Is that exactly what your view is as I have put it ?—Yes.

379. Is that desirable ?—Yes.

380. Because it would give you the control of production ?—Yes.

381. It is exactly what you want to get, is not it ?—Yes.

382. You have stated very emphatically on several occasions that you desire to see a more equitable distribution of the wealth of the country, or something to that effect ?—Yes.

383. And then you said not by law ?—Yes.

384. You have used the term "citizen" ?—Yes.

385. I do not know whether you are connected, but some of your friends probably are, with corporations and town councils, are not they ?—Members ?

386. Yes ?—Yes, we have members on our Wholesale Board who are members of the Town Council.

387. And I presume as you are trying to get control of the production of ordinary commodities on what we may term a democratic basis, your Town Council undertaking on behalf of the citizens of that town the control of your gas or waterworks, they too through the agency of the Council are then controlling the production and distribution to that extent, are they not, of that commodity ?—Yes.

388. That is to be approved of, is not it ?—Yes.

389. As thoroughly as your own work ?—Yes.

390. And if experience should show that there are other directions in which the Town Councils could enlarge their sphere of operations so that they could do it more effectively than you through your voluntary agency you would still approve of it, would not you ?—Yes. It would depend upon the circumstances of the case.

391. Let me put it again. If experience shows that the same agencies that have already done what you will call good work, that is the Town Councils in controlling certain kinds of production and distribution can still enlarge their sphere of operations and do it more effectively than your Co-operative Wholesale Society can, then you will say "good luck to them" and help them ?—That would depend upon the measure of control in question because the question is more of a hypothetical character than a business one. I am not quite sure we should be prepared at once, whatever time brings it about, to endorse it. If supposing the Leicester Corporation were to undertake to become, say, manufacturers, and they were to ask us to hand over our workshops to them I am not quite sure that we should be prepared to do it at once. I want to clearly understand where we are.

392. Exactly. Now I will put it in a way that I think you will understand. I suggest that if experience should show that through the agency of a town council or municipal council, or county council, or through Parliament, these agencies can be utilised more effectively than your own co-operative societies can to enable them to get control, a complete control, a democratic control, of the trade of the country, then the principle to which you have pledged yourself this afternoon means that you are bound to support those agencies being used. Does not it do that ?—No. I must give you a definite answer. It is not so according to the way you are putting the question ; if I understand your question aright I should say no, because a corporation controls only a limited area, and a wider area would be contributed to the advantage of a limited area in the case you put. Our principle is the widest area possible for distribution of advantages, and if the question were put to me on the basis of the corporations of the land where joining together for the combination of their productions, it would be more in accordance with our line of action. But if one corporation is to engage in a production, and receive within that corporation a special benefit to which it might be a hundred other corporations were to contribute to its advantage, I should not altogether adhere to that at once, whatever we might ultimately agree to. I want to clearly understand where we are.

393. The point I was desirous of getting from you was this, that you are not bound down to that one particular method of controlling an industry. Do you look upon every other method as being disadvantageous ? — Anything that comes nearest to that which we have I accept.

394. And did not you say that town councils are controlling the production and distribution ? —Yes, they are.

395. And advantageously ?—Yes.

396. And that if they did not do it, you could not do it under the voluntary agency method. You, for instance, are not prepared to undertake the production and supply of gas and water to the various houses, are you ?—Not at present, but I should say the corporations were the proper persons to do it.

397. And any other work that they can do equally satisfactorily ?—Certainly.

Mr. *Tom Mann*—continued.

398. Now we will come to this. You said "Not by law;" is that by law when the municipality does it?—No. It forces no man's wealth away from him by law, it only gives the corporation power to undertake business, but it takes no money from him, if you understand me.

399. I understand. Supposing there has been a private gas company, or several gas companies, and then the municipality takes from those gas companies the supply of gas, is not that interfering with the income of those who were previously producing it?—Those who seek to undertake it would undertake it in a just and righteous manner.

400. That is always to be supposed, therefore you are not opposed to that, are you?—Not at all.

401. Then if it should come to dealing with land for instance, or any other national concern, say railways, I presume that you are prepared to endorse the democratic control of railways in the same way as you do trade?—We have already begun, as I explained, or partly begun to buy up the railways.

Mr. *Tom Mann*—continued.

402. Do you hope to buy them up?—We hope to some day.

403. Do you consider that a preferable method that you should try and purchase them through the agency of the co-operative movement rather than tackle them in some other way?—I prefer that at present. When the other method comes before me of course I shall consider it, and speak about it. Without going into any particulars of that kind, I say that whatever points in the direction of giving the people an opportunity of securing good I endorse.

404. Your object, as you have already stated, is to get control of the trade, meaning production, which is more important than distribution, therefore, as you say, you are prepared to endorse anything that makes in that direction, and you are prepared to endorse the independent production societies, are you not?—Yes. I do not object to them if they are the better method. I like our own method better than theirs, that is all.

405. But you are glad to see them existing?—Yes. Anything that tends to the good of mankind I endorse.

The witness withdrew.

Mr. WILLIAM MAXWELL called and examined.

Duke of *Devonshire.*

406. Mr. Maxwell, you are good enough to represent the Scottish section of the co-operative movement?—Yes. I have been appointed by the Co-operative Union of Great Britain and Ireland to give evidence on its behalf more especially in regard to the growth of the movement in Scotland.

407. And what is your relation to the Scottish Co-operative Societies?—I am the chairman of the Scottish Co-operative Wholesale Society which position I have occupied for 11 years (*handing in copy of Rules; see Appendix* XV.).

408. When and how did co operation first take root in Scotland?—Co-operation in Scotland may be said to have begun with the old victualling societies, many of which started towards the end of last century. Govan Society still in existence was founded in 1779. Profits in these societies were paid upon shares and not upon purchases. The poor artisan had little or nothing to invest and had thus little inducement to join the old societies. The membership of these societies was drawn from small employers of labour and the lower middle classes. Some crude attempts were made early in the present century to carry on distributive co-operation by a number of individuals associating to get their goods at cost price by purchasing in bulk, and then contributing a small sum weekly towards the cost of distribution. Robert Owen's venture at New Lanark set men to think out how his efforts could be improved upon and his failures redeemed. Nothing of any importance was effected till 1846 or 1847 when some of the old societies who had formerly divided their profits

Duke of *Devonshire*—continued.

or shares altered their rules to the Rochdale system of dividing the profits on the purchases per member. An article which appeared in one of the Messrs. Chambers' publications did much to make co-operation popular in Scotland. Many of the stores started on the credit system, they were loosely conducted, and after a flickering existence passed away.

409. What is the present position of the movement?—In 1868 the Scottish Co-operative Wholesale Society was started on the lines of the English Society begun in 1864. From this date the co-operative movement in Scotland may be said to have really taken root and gradually grown to its present dimensions. In 1890 the number of members connected with the societies were 171,088, the number of societies 333. If the membership is multiplied by four, and taking the population at four millions, 17·1 per cent. of the population are connected with the stores. The share and loan capital held by the societies amounted to 2,306,990*l.*, shares being 1,335,809*l.*, loans 971,181*l.* The sales for 1890 amounted to 8,000,897*l.*

410. Can you state the profit which the co-operative societies have given to their members?—The profits realised amounted to 830,860*l.* thus giving each member an average profit of 4*l.* 17*s.* 1½*d.* per annum.

411. In what manner do you suppose the profits of the societies to be distributed amongst their members?—It has been calculated that about two-thirds of the profits are withdrawn

Duke of *Devonshire*—continued.

and about one-third left in the funds of the stores annually. From the increased trade at the stores immediately after the paying of profits it is clear that many of the members depend on these profits as a means to re-clothe, re-furnish, and add generally to the comforts of their homes. Thus the money saved at the stores and periodically spent gives a new fillip to trade. It is also well known that many co-operative working men depend upon the store profit to pay their rent. In 1891, 3,411*l.* was voted for educational purposes, and 3,211*l.* to charitable institutions.

412. Are the funds of these societies invested in concerns outside the immediate objects of it?—I should like to say that in Scotland we have no funds invested outside the co-operative movement. The societies have invested in other co-operative concerns 526,028*l.*, such as the Wholesale, Paisley Manufacturing, United Baking, Selkirk Tweed, and Bo'ness Pottery. In many towns building societies grant loans to working men for the purpose of purchasing their houses. The profit from the co-operative store is frequently used to meet the instalments of the loan. Many have in this way become the proprietors of their own homes without effort. Not a few of our co-operative societies have a building department which lend to their members, the profits being simply transferred to repay the loan.

413. Is that on the principle that the Scottish co-operative societies have declined to invest in anything except co-operative stores?—Yes; I would say on principle, we think according to our point of view, that when we begin to invest outside in concerns in which we have no personal control, that we have made a confession of our inability to use the money saved in co-operation.

414. Is credit given in your societies?—Wherever credit is given in our societies power is generally taken in the rules to have a lien over the members' share capital. Most societies that give credit limit it to half or two-thirds the paid-up share of the member. The loss from giving credit of late has been infinitesimal.

415. Would that mean that you do not give credit beyond the amount of the value of the member's share?—Yes, and it is limited frequently to half, and in some societies to two-thirds, in others to three-fourths. Every locality treats it as it thinks best.

416. Do these societies carry on any productive departments besides the distributive business?—Many of our societies have gone into production—baking, tailoring, shoemaking, dressmaking, and millinery being some of the trades they have entered on. As a rule, it may be said they have given consideration to the position of the workers by providing better workshops, in some cases shorter hours, and in most places the highest rates of wages. The fact of a great number of leading trades unionists being members of our stores is at least one guarantee against low wages and questionable conditions. A good many of our distributive societies share their profits with all their *employés*.

Duke of *Devonshire*—continued.

417. Does that include the workmen engaged in the productive businesses?—Yes.

418. But there is no fixed rule; in some cases they share profits and in others they do not?—In the distributive societies there is no fixed rule, but I should say that at least about a third of the societies in Scotland vote a portion of their profits to fair division amongst the workpeople.

419. In those productive departments have the workmen any control over the business?—In the distributive societies the control that other members generally have they have, being members of this society.

420. What influence does the co-operative society exercise upon the character of the men and women connected with it?—The conducting of large businesses, or even a small village store, by working men is having a good educational and steadying influence upon the class. There is now an interest taken in markets all over the world; the causes of fluctuation are traced and watched with keen interest; the rise and fall of the money market, its causes and effects are discussed; the relations of capital and labour are a constant theme of conversation. Co-operators, it may be said, are deeply interested in all social questions. The stake they have now in the country is causing many, who would otherwise be careless, to watch with interest the course of current politics, not from a party spirit so much as from a patriotic spirit. The frequent meeting together for business purposes has a most healthful influence upon our members. As a rule, these meetings take place every three months; in some societies there are monthly meetings. Generally the balances are struck every three months. A balance sheet is prepared and issued by committee. These sheets are intelligently criticised and commented on by the members assembled. Elections for committee take place at every quarterly meeting, a portion of the committee having to retire, but are in most cases eligible for re-election. The term of service on committee is generally for one year. The slightest suspicion of harsh or ungenerous conduct to *employés* is made the most of at our meetings, and the committees are at once placed upon their trial. It is therefore almost impossible that any change that would affect the *employés* adversely would be endorsed by such a class of shareholders. The committees afford an excellent training ground for working men, giving them a capital opportunity of understanding business methods and principles.

421. What provision do you make for the prevention of fraud?—The audits are conducted by some of the chosen members of the movement, who have generally to make a statement publicly to the members as to how they found the accounts of the Society, as well as sign the balance sheet. The history of co-operation proves how well these working men auditors have performed their duty.

422. To what extent do the working men avail themselves of the opportunity of investing in the societies?—Many working men have

Duke of *Devonshire*—continued.

200*l.* (the limit the Act allows) to their credit saved from dividends, which is giving them a spirit of independence hitherto unknown in our class. It would be interesting to know what danger would arise if the limit of 200*l.* was abolished and each society allowed to fix its own limit. It is a hardship to a co-operator who has reached the limit the Act allows to be compelled to withdraw his profits and find another investment. Speaking generally, co-operators in Scotland save from 10 to 15 per cent. by dealing at the stores, besides receiving 5 per cent. on their share capital, and generally 4 per cent. on loan capital.

423. What is the Act called?—The Industrial and Provident Societies Act, 1867.

Sir *John Gorst.*

424. Is the 200*l.* share limited?—Yes.

425. Not the loan limit?—No.

426. And after having 200*l.* for shares, they may go on lending money to any extent?—That is so, which is withdrawable at call; that is our difficulty.

Mr. *Bolton.*

427. By bargain?—By mutual agreement.

Duke of *Devonshire.*

428. Have you had any failures amongst your societies, and if so, from what cause?—Any bankruptcies that have occurred of late years may be traced to the carelessness of committees in allowing too much credit, or in allowing the affairs of the society to fall into the hands of one or two men.

429. Can you give us some information as to the constitution and work of the Scottish Wholesale Society?—The store movement early discovered that if it was to get all the advantages of co-operation, then the societies must unite as the individuals had done. Hence the Scottish Co-operative Wholesale Society, which is a federation of 268 societies, the Co-operative Society being the recognised member of the Wholesale. Each society must take out at least one 1*l.** share for each of its members. In this way we have 131,086 shareholders, 1,358 of these hold only 10*s.* shares; share capital paid up, 95,378*l.*; loan capital, 510,792*l.* Sales for 1891, 2,827,991*l.*; profits for same period, 88,841*l.* 18*s.* 2*d.*; interest on shares and loans, 26,429*l.* 19*s.* 0*d.*; depreciation of buildings and fixtures, 3,701*l.* 10*s.* 8*d.*; value of buildings, fixtures, and land used in trade, 161,667*l.*; value of stock-in trade, 288,671*l.* Disposal of profits, members, 68,734*l.* non-members, 931*l.* 6*s.* 10*d.* Extra depreciation of building plant, &c., 5,163*l.* 18*s.* 0*d.* Bonus on wages, 3,011*l.* 4*s.* 0*d.*

430. Are these figures taken from a balance sheet of the Wholesale Society?—Yes.

431. Can you put one of those in?—Yes (*handing in the same*).

432. Then will you go on with your statement please?—In cases of sickness *employés* with a standing wages are paid full wages for first four weeks they are off duty, and half wages for the next four weeks. It will be seen from accompanying figures (*see Appendix* XVI.) that our expenses in distribution are very low. This is explained by the fact of our distribution being organised whereby we have very few travellers visiting our customers comparatively speaking. We have almost no bad debts. Quality is of the greatest importance in all our industries, every manager in our employ being instructed to give special attention to material and workmanship. Adulteration is forbidden and every precaution taken to prevent it. We have places of business in Glasgow, Leith, Kilmarnock, and Dundee, and a buying branch in Enniskillen, Ireland. We have also a joint arrangement with the English Wholesale Society for the purchase of Continental and American produce. My Appendix sets out in full detail particulars relating to the general progress of the Society (*see Appendix* XVII.).

433. Is your Wholesale Society a manufacturing as well as a purchasing society?—We are dealers in grocery, drapery, boots and shoes, furniture and house fittings; we are also manufacturers of furniture, clothing, shirts, hosiery, preserves, confections, boots and shoes, and tobacco. We also employ a large staff at printing and bookbinding, also paper-bag making. A large flour mill is in course of erection at Edinburgh, the building being done by the Society's own workmen. The results of the productive department follow immediately.

* The rules of the Scottish Wholesale Society (Appendix XV.) give the price of a share as 15*s.* A letter pointing out this discrepancy was addressed to Mr. Maxwell, and his reply (dated September 27th, 1893) is as follows: "Our shares are 1*l.* each; "at the time I gave evidence our change had not been incor- "porated in the rules, as it is now."—G.D.

PRODUCTIVE DEPARTMENTS, 1890.

Departments.	Value of Goods Transferred to Distributive Departments.	Average Capital employed.	Interest charged.	Rate per cent. on Capital.	Net Profit.	Rate per cent.	Profit and Interest included.	Rate per cent.	Bonus allowed.	Proportion of Net Profit divided as Bonus.
	£ s. d.	£	£ s. d.		£ s. d.		£ s. d.		£ s. d.	
Boot -	57,408 2 11	25,476	1,238 15 6	4·8	3,612 1 9	14·2	4,850 17 3	19·0	879 15 9	24·3
Shirt - -	2,858 13 1	1,329	58 0 10	4·3	253 16 6	19·0	311 17 4	23·4	70 2 5	27·6
Tailoring -	13,954 6 6	4,133	184 3 6	4·4	1,299 11 7	31·4	1,484 15 1	35·8	332 8 10	25·5
Cabinet -	15,982 8 3	8,609	385 14 2	4·4	1,165 14 1	13·5	1,551 8 3	18·0	327 7 8	28·0
Printing -	7,242 0 4	4,302	191 3 4	4·4	491 18 8	11·4	683 2 0	15·8	117 16 4	23·8
Preserves - -	11,200 5 8	3,275	141 11 10	4·3	681 6 4	20·8	822 18 2	25·1	24 19 6	3·5
Total - -	108,645 16 9	47,124	2,199 9 2	4·7	7,504 8 11	15·9	9,703 18 1	20·6	1,752 10 6	23·35

Rate per pound on wages, 9½*d.*

25 *October* 1892.] Mr. W. MAXWELL. [*Continued.*

PRODUCTIVE DEPARTMENTS, 1891.

Departments.	Value of Goods Manufactured.	Average Capital employed.	Interest charged.	Rate per cent. on Capital.	Net Profit.	Rate per cent. on Capital.	Profit and Interest together.	Rate per cent. on Capital.	Bonus Allocated.	Proportion of Net Profit divided as Bonus.
	£ s. d.	£	£ s. d.		£ s. d.		£ s. d.		£ s. d.	
Boot	71,127 5 1	32,805	1,463 4 6	4·4	3,632 0 9	11·7	5,095 5 3	15·5	842 19 4	23·21
Shirt	3,390 12 2	1,457	63 18 2	4·3	335 4 8	23·0	399 2 10	27·3	65 16 7	19·70
Tailoring -	13,117 7 5	4,319	192 19 8	4·5	1,287 5 4	29·8	1,480 5 0	34·2	244 3 0	19·00
Slop -	2,476 19 7	1,042	46 4 4	4·4	135 6 7	13·0	181 10 11	17·4	59 7 8	43·70
Mantle -	2,324 11 2	830	43 19 4	5·2	‡139 0 4	—	‡95 1 0	—	53 5 4	—
Cabinet - -	14,679 7 9	9,357	417 16 2	4·5	174 14 0	1·8	592 10 2	6·3	§254 17 11	—
Printing -	9,018 4 7	5,468	243 15 10	4·4	718 3 8	12·9	961 19 6	17·6	111 0 2	15·46
Preserves -	29,367 11 10	9,323	414 4 6	4·4	1,232 2 10	13·2	1,646 7 4	17·6	63 10 11	5·11
*Tobacco -	15,510 4 8	6,754	294 10 0	4·3	592 18 7	8·7	887 8 7	13·1	42 3 4	7·09
Brush -	3,797 19 8	2,368	105 1 3	4·4	257 4 0	10·8	362 5 3	15·2	55 19 6	21·79
†Confections -	3,166 2 9	1,446	63 19 3	4·3	50 11 11	3·4	114 11 2	7·3	9 11 0	19·00
Total - -	167,976 6 8	75,169	3,349 13 0	4·4	8,276 12 0	11·1	11,626 5 0	15·4	1,802 14 9	‖21·77

* Four months only. † Nine months. ‡ Loss. § 80*l.* 3*s.* 11*d.* more paid in Bonus than net profit. ‖ Average of 9*d.* per pound on wages.

Duke of *Devonshire*—continued.

434. Is that for the year 1890 and 1891?—1890 and 1891 for the sake of comparison. In 1891 you will find that there are some additions to our industries, and they will not, of course, bear comparison but the others will.

435. Are these departments carried on solely for the use of the co-operative associations?—Entirely.

436. I am not sure whether you state later in your evidence whether they have been on the whole successful or not?—They have been entirely successful. We have had no failures, no decreases, except one or two little drops at the beginning of our career which could be traced possibly to our own inefficiency in management and want of experience, but there has been a continual increase in all the industries.

437. Under what conditions are these industries carried on?—In each of the above industries we pay the workpeople the wages demanded by their trade union, and where there is no union wages, such as in the shirt-making, we have given them from 10 to 20 per cent. more than many of the makers outside, while the hours are only 44 per week. It may be interesting to note that we make shirts as low as 3*s.* 6*d.* per dozen; this includes supplying thread, &c. The workshops are of the most modern description, and we have been anxious to take every suggestion from the factory inspector and put it in practice, but he has had nothing to suggest. Besides these conditions, we have for over 20 years *shared the profits made in the Society with the employés at the same rate per pound on the wages in distribution as the members get per pound on the purchases.* In production the wages and transfers are added, the profits of the departments being divided at so much per pound on transfers and wages. The amount divided on wages was fully 23 per cent. of the profits made in productive departments in 1891. The total amount paid to *employés* up to June 1892 is 16,277*l.* 10*s.* 1*d.*

Duke of *Devonshire*—continued.

438. I do not know whether the other members of the Commission understand it, but I do not exactly understand what you mean by "In production the wages and transfers are added." What are the transfers?—As we sell nothing out of the productive departments, but really transfer them from those departments to the distributive departments which buy them they leave the productive departments at a price which afterwards may have something added, and the distributive department price is the price of the goods leaving the department. That then is the value of the goods going out of the departments in production. The wages and the production in value then is added together, and whatever profit is made is divided along the line at so much per pound. Wages gets the same as transfers get. That goes of course to add to the profits when the goods are bought, and it goes to the employee when at the end of the period we balance our accounts.

439. Do I understand you to say that so far as the productive departments of the Wholesale Society are concerned, the profits made in any department are divided between the consumers and the workmen?—Yes, the departments are pooled, as it were. The various industries which carry on the business are put together (we do not calculate a profit on each department in that way for division), so that if boots did not make very much it would be mended in cabinet-making or printing. We consider our servants as one all over, and divide the profit in that way.

Mr. *Dale.*

440. Then the distribution stores are really the purchasers from the productive department?—From the distributive departments of the Wholesale.

441. To whom do the productive departments sell?—To their own distributive departments; for the sake of accountancy we put them there.

Mr. *Bolton.*

442. How are the prices fixed?—They are fixed arbitrarily.

443. They are probably based on the price of similar goods elsewhere?—They are largely.

Mr. *Dale.*

444. Are no independent co-operative distributing societies purchasers from your productive department?—We keep them entirely separate. We may send the goods direct, but it must be invoiced through the distributing department. You can easily see we keep them entirely separate for the purpose of our own internal accountancy.

Duke of *Devonshire.*

445. Your practice in the Scottish Wholesale Society with regard to your workmen in the productive department appears to differ from that of the English?—As I have heard Mr. Mitchell this morning, I am bound to say it does.

446. Has it been discussed, or have you congresses as well as the English societies?—We have congresses for Great Britain; we have no Scotch congresses. We arrange with our English brethren; we come to their country and they come to ours.

447. And has this been the subject of discussion in congress?—Many and many a time.

448. And there has been a strong difference of opinion?—Very strong.

449. Does your system of production lead to greater continuity of employment?—In all our works it may be said there is a steady increase of trade, therefore workmen and workwomen have almost a certainty of constant employment in the Society. Fashion, with one exception, does not affect our trade; we have thus the choice of the best hands in all our industries. In the clothing factories the demand for ready-mades is on the increase, and during the slack season we are so certain of an outlet for our productions, we make up larger stocks, thus giving employment all the year round. With regard to preserves: we employ in the height of the fruit season about 200 workpeople, principally females; as the season advances we have to reduce our staff slightly, but during the winter months we employ perhaps about two-thirds of the above number making marmalade, labelling, &c. In this department our certainty of sale enables us to gauge our requirements, and thus have no old stock. Mantles: being subject to changes of fashions we have not the continuity of work that we have in other industries, therefore there is a slight reduction of hands between seasons. During the past six years the three disputes mentioned elsewhere (elsewhere refers to the schedule sent out by the Commission*) are the only real differences we

Duke of *Devonshire*—continued.

have had with our *employés.* The desires of our workers when communicated are at once considered by our committee, who in every case (with the above exceptions) have come to a satisfactory settlement. The trades unions officials have met us very fairly on the whole, and we are on good terms with them.

Sir *John Gorst.*

450. Would it not be convenient to us now to get what the causes of the disputes were?—The causes were put in the schedule, but I am quite willing to give them over again.

451. Perhaps you will just state them now?—There was a dispute in the boot factory in 1885, I think, in connexion with the arrangement of a statement—the statement referring to the prices of the various classes of boots and shoes to be made. We intended making certain goods which were not enumerated in any previous Glasgow statement. The difficulty arose as to the adjustment of the prices to be paid for the goods; that had no precedent, our manager, representing the society, offering less than what the men would accept. A statement was made out latterly by the joint parties representing the society on the one hand, by the manager of our department and a trades union official sent down from headquarters, which settled the matter. In the meantime the men would go on with the work until such a statement was made out. In 1888 we had a slight dispute in our cabinet factory which lasted less than a week and affected very few people. That came about by the workmen on the introduction of certain machinery, denying that the machinery did as much work as the management of the factory claimed for it, and thus they could not adjust the price of certain articles of furniture that were to be made by the machinery and by hand that had been made by hand previously. In 1890 a few workers—I think nine—struck work without notice for a uniform rate of wages to each worker, our offer being to pay each worker according to merit. There were only nine men involved in this matter, and we gave them an advance and paid them a uniform rate of wage, giving them what they demanded, thinking they had made a case for themselves.

Mr. *Gerald Balfour.*

452. Was that daily wage?—Yes, in the last case.

Duke of *Devonshire.*

453. But you pay your men by the piece like other employers, do not you?—By piece and by day, whichever the men and the management can arrange. In some industries it is by the day and in some by piece. In most industries it is by piece. In the printing, book-binding, and paper-ruling it is by day, and in the tobacco factory and preserve factory the workers are paid by day. There was no loss to the society, at least it was very small indeed, and did not come to anything like a general strike. There

* In the "Answers to Schedules, Group C," (C. 6795.—IX.), are printed replies from the Scottish Wholesale Co-operative Society (No. 792); the Glasgow Co-operative Baking Society, (No. 705); and the Northamptonshire Productive Society, Limited, Boot and Shoe Manufacturers (No. 788): *see* pp. 398, 514, 602, 684; 369, 491, 583, 662; and 396, 601, 683; respectively.—G.D.

Duke of *Devonshire*—continued.

was not a general strike or anything of that kind, but it was really only that the two parties could not agree, and so they discontinued operations for a day or two till they came to terms, but I do not think there was any ill-feeling or bitterness in the matter.

454. Are the relations between your society and its employers better than those which exist elsewhere?—The men seem to appreciate the conditions of our employment very much, the continuity of employment having much to do with the pleasant relationship that exists. Nowhere in Scotland can they secure such constant work, and further they state they have every confidence in the directors giving fair consideration to their claims. It may be mentioned that the fact that we will not unite with other employers in association in any industry has not been taken advantage of by the men to use us as a lever to raise wages, so far as we know. I have no hesitation in stating that our workers are not nearly so likely to strike as those employed by a private employer. The knowledge that the directors are drawn from their own class, and that their policy is constantly under review of the delegate meetings, the privilege of attending being within the reach of our workers who are members of societies, gives the workers a feeling of security, which is absent in private employment.

455. I forget whether you have stated what number of workmen you employ?—About 1,800 in production, and about 300 possibly, speaking roughly, in distribution. Possibly little over 2,000 hands in all, the number is stated in the schedule,* but since then we have developed very rapidly.

Mr. *Dale.*

456. The privilege of attending, means the privilege of attending the trades union meeting, does it not?—No, the quarterly delegate meeting of the Wholesale Society.

457. Is that equivalent to a meeting of shareholders?—It is.

458. A meeting where the general policy of the business is discussed?—Yes, the difference would be this, that in calling a meeting of shareholders, every shareholder has a right to come, but the gigantic proportions of our shareholding constituency is such that we ask them to send delegates.

459. But the workpeople may come without being specially delegated, may not they?—No; they must be delegated. That is if they are members of the co-operative societies.

460. Then they do not come as workers?—Not yet.

Duke of *Devonshire.*

461. The information you have given us has been about workshops under the Wholesale Society?—That is so.

462. Are there any other co-operative workshops in Scotland?—The other productive co-operative societies in Scotland are the Paisley Manufacturing Society (Paisley), United Baking Society (Glasgow), Bo'ness Co-operative Pottery, Scotch Tweeds Manufacturing Society (Selkirk), Scottish Farming Association. The share and loan capital of these societies amount to about 130,536*l.* All the above societies share profits with their workers.

463. Are these other societies connected with the distributive co-operative societies?—They are. Our shareholding members are either societies, or individual co-operators.

464. But do those productive societies which you have ennumerated here, the Paisley, the Glasgow, and the Bo'ness societies, deal solely with co-operative societies or with the public?—In some cases they deal with outsiders as well. The Bo'ness Pottery sells largely in the open market. The Paisley Manufacturing Society does a little, and the United Baking Society does nothing, but all inside its own society and the Scottish Tweed Manufacturing Society does something outside.

465. Can you give any particulars concerning any of the other societies?—The following is the story of the Paisley Manufacturing Society. It sets forth to some extent its aims and objects and the result of their work. Manufacturers of Wool, Union and Cotton Shirtings and Shirts, Cloakings, Aprons, Bed Quilts, Union, Flannelettes, etc., etc. Ladies Clan Tartan, Tweed and Serge Costume Cloths; Fancy, Thibet and Cotton Skirtings and Skirts; Tweed, Saxony, and Velvet Shawls; Wool Handkerchiefs (Shawlettes), and Scarfs. It was instituted 1862. The profits are divided between labour, capital, and trade. In the summer of 1862 a few weavers and others, members of the Paisley Provident Co-operative Society, met to consider whether they could not carry the principle of co-operation into the manufacture of goods, as they had shortly before done in their distribution. The result of these deliberations was this, they resolved on the formation of a society for the manufacture and sale of goods, and a provisional committee of seven persons were appointed to carry out the resolution. Early in November 1862, the first piece of cloth was woven. During 1868 the propriety of sharing profits with the purchasers was discussed, and finally adopted. A year later it was agreed that dividend on wages be given to all workers of the Society. In 1873 the business was removed to 7 St. Mirrin Street, where being compelled to remove, they purchased for 2,040*l.* the property at 114, Causeyside Street. Until 1870 the membership of the Society consisted of individuals only. In that year the Paisley Equitable Co-operative Society took up one share, which has been increased at different times till it is now 200. By the end of 1873, 24 societies were members. In 1870 the share and loan capital amounted to 1,177*l.*, and the sales for the year to 2,463*l.* From this point the following figures record the state of the Society, in periods of five years:—First, as to capital—for the year ending June 1875, it had increased to 4,421*l.*, of which 2,403*l.* was for shares. At 1880 share and loan capital was 6,174*l.*, at 1885 it amounted to 9,166*l.*, and at June 1890 the total share and loan capital was 19,546*l.*—share 8,563*l.*, loan 10,983*l.* The sales for five years ending June

* *See* foot-note to question 449.

Duke of *Devonshire*—continued.

1875 were 28,644*l.*; for those ending June 1880 34,783*l.*, an increase of fully 1,200*l.* a year. For these five years ending June 1885 the sales were 74,779*l.*, an increase of 8,000*l.* a year. For the five years ending June 1890 the sales were 154,563*l.*, or an annual increase of nearly 16,000*l.* These figures show that during the past 10 years these capital and sales have been doubled in each of the five years. The amount paid in wages for the five years ending June 1880 was 4,920*l.*; for those ending June 1855 13,369*l.*; and for those ending June 1890 31,463*l.* For the five years ending June 1880 the dividend paid to purchasers was 550*l.*; to workers 68*l.* For the five years ending 1885—to purchasers 2,056*l.*; to workers 279*l.* For the five years ending 1890,—to purchasers 6,837*l.*, to workers 873*l.* As a result of the growth of the society a meeting of members in 1888 gave powers to the directors to proceed with the building of a factory and warehouse. During 1889 a site was fixed upon, on the lands of Colnislee, and contracts were arranged for a factory and warehouse, also for 48 looms, and winding, &c. machines. By the end of March 1890 all these looms were working. At a general meeting of members held on the 9th of August 1890 further powers were given to the directors, and a large addition to the original factory has been completed. The weaving shed is now capable of accommodating about 200 power looms (99 are already laid down, and fully employed), also beaming and winding machines. During 1891 the growth of the Society has been fully maintained. The membership includes 211 societies. The loan and share capital, 33,754*l.* The amount expended on property and machinery, 20,740*l.* The nominal value of property and machinery is 18,779*l.* The reductions are 1,961*l.*; the sales for the year, 48,361*l.* the dividend paid to purchasers, 1,943*l.*; wages paid for the year, 8,918*l.*; dividend paid to wages, 365*l.* The *employés* work the same hours as other factories, viz., 56 hours per week. There has been some little trouble in the tailoring department with the trade union.

466. Can you give me some information on the Scottish Farming Association?—Yes, and as to the Co-operative Baking Society too.

467. The Co-operative Farming Association has been in existence only three years, is that so?—That is so.

468. Has it already given promise of being a success?—Yes.

Mr. *Bolton.*

469. 15*l.* a year?—Yes.

470. Is that a success?—I do not measure success by the amount of money always. Considering the prejudice we have to fight against in the open market sometimes, we are satisfied if we can pay interest, and we think we get on very well then, because 10 or 20 years ago we should not have paid interest on some of the ventures now showing profits.

Duke of *Devonshire.*

471. What is this Co-operative Farming Association; what is its extent?—870 acres; there are five small farms put together.

472. In what part of the country is it?—In Renfrewshire, near Barhead between Barhead and Paisley.

Mr. *Bolton.*

473. Are they all there?—There are three at the place I mentioned, and one at Kirkintilloch, and there is another one.

474. And one in Stirlingshire, is there not?—That belongs to the Wholesale Society.

Duke of *Devonshire.*

475. And you consider that so far the experiment has been a successful one?—Most undoubtedly.

476. Have you any information to give with respect to the United Co-operative Baking Society?—Simply that the societies in and around Glasgow think it is better to centre their productive efforts in one good factory, in which they will bake possibly 1,400 or 1,500 bags of flour per week. It is one of the largest baking establishments in Scotland, and from that centre, they send out all the bread and biscuits required by its own federation, which is really a local federation within a reduced area of 10 or 15 miles round Glasgow. That has also been a marked success, they share profits with their *employés.*

The Society employs 220 people, who work fifty hours per week. Only trade union bakers are employed, and they receive the wage of the union, with bonus additional at the same rate per pound on wages as dividend per pound allotted to purchasers. The Society is not in union with the other master bakers. It was the first to grant the men's request lately for shorter hours. Have had no trouble of any kind with the *employés* or the trade union.

STATEMENT FOR YEARS 1890–1891.

——	1890.			1891.		
No. of members (societies)	46			48		
No. of shares at 10*s.* each	16,336			18,461		
	£	*s.*	*d.*	£	*s.*	*d.*
Share capital paid up -	7,288	12	0	8,739	10	0
Loan capital	35,855	8	6	38,728	11	8
Insurance and reserve funds	2,882	13	0	4,179	16	6
Trade for year -	91,345	11	9	118,220	19	7
Profits for year -	9,510	10	9	11,720	2	3
Paid as bonus on wages	629	4	4	821	14	4

(*Table giving details of the Society from* 1869 *to* 1891 *handed in. See Appendix* XVIII.)

477. Then you have put in as an appendix to your evidence this further statement which you put in attached to the proof of your evidence. Particulars about the Scottish Co-operative Wholesale Society?—Yes, they are very fully dealt with here.

478. As to its progress?—Yes, and expenses, profits, depreciation, and everything. (*See Appendix* XVII.)

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

SECOND DAY.

Commission Room, Westminster Hall, Wednesday, 26th October 1892.

PRESENT:

THE RIGHT HON. SIR MICHAEL E. HICKS-BEACH, BART., M.P. (IN THE CHAIR).

The Right Hon. Sir JOHN E. GORST, Q.C., M.P.
The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
The Right Hon. JESSE COLLINGS, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. GERALD W. BALFOUR, M.P.
Professor MARSHALL.

Mr. J. C. BOLTON.
Mr. A. HEWLETT.
Mr. T. H. ISMAY.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

*Mr. WILLIAM MAXWELL re-called and further examined.

Sir *Michael Hicks-Beach.*

479. I want to put to you one question on the Appendices. If you turn to page 11, Appendix III., in your statement, to the account of the Scottish Co-operative Farmers' Association, Limited, that is evidently an experiment which is only just commencing, is it not?—That is so.

Mr. *Tunstill.*

480. It is more a proposal than otherwise?—No, it has been three years in existence, as the accounts show; we have two years' results.

Sir *Michael Hicks-Beach.*

481. Will you explain to us your scheme for, first, the management of these farms?—The scheme for the management of the farms is something like this. The co-operators of Scotland have an idea that having farms in various parts of the country, they could supply their co-operative stores with the natural produce of the land. They have got their capital by asking co-operators, as individuals and societies, to take out shares, and in this way they have got something like at the present moment, I think, 8,000*l.*, speaking from memory; and they have appointed a manager, who is somewhat interested in co-operation, as well as being a clever agriculturist, and they have planted the first farms round Glasgow. They are supplying the co-operative societies with milk and other produce of their farms, and in this way they hope in time to plant other farms round different centres in Scotland.

482. But the management of the farm or farms is left entirely in the hands of one person, is it not?—The technical management, yes, but the management of the farms is really in the hands of a committee. All financing and general

Sir *Michael Hicks-Beach*—continued.

employment, and that sort of thing, would be in the hands of the committee. Of course the suggestions of the manager being considered as being very valuable.

483. But the engaging or the discharge of labour would all rest with the manager?—Not entirely; everything is reported to a weekly committee meeting.

484. Does the manager share in the profits?—He does.

485. Is he a member of the society?—Yes, he will have shares.

486. Are the labourers on the farm members of the society?—They may not be, but they share in the profits notwithstanding.

487. In what way?—In whatever profit after 5 per cent., and the usual charges have been met, is declared, the purchasers then shall receive the same per 1*l.* upon wages.

488. Does that remain in the capital of the farm credited to their account, or is it paid to them at the end of every year?—It is paid to them at the end of every year.

489. Has any such payment been made up to this time?—The payment will be made in this way. If they have paid 5 per cent. upon capital they would pay 5 per cent. upon the wages earned.

490. Unless they first paid it on capital there would be nothing paid on wages, of course?—There would not.

491. And do the farms belong to the society?—No, they are rented.

492. Does the rent come before the division of profits among the labourers and members?—Yes.

493. So that you have to pay first rates and taxes, then rent, then 5 per cent. on capital, and then comes the division of profits; is that

* Mr. J. T. W. Mitchell, Mr. J. Greenwood, and Mr. F. Hardern were also present.

Sir *Michael Hicks-Beach*—continued.

so?—The division of interest upon capital would be taken in with the division upon the wages, and whatever surplus there is over, if there is any over, in the farm, would be divided between the wages and capital.

494. Then capital might have less than 5 per cent.?—It might have.

495. But I do not quite understand this. Is there any minimum dividend that it is understood capital shall have before any payment is made by way of profit?—No minimum, but a maximum of 5 per cent.

496. Then in what proportion is the surplus divided between the interest on the capital and the profits?—It is a matter to be determined on. Educational ideas have been promulgated, and the chances are that a large proportion of it would perhaps go to capital and wages if there were a surplus.

497. But there is no actual rule, is there?—The rule, I believe, is that all profits would be equally divided per 1*l.* upon capital and wages; but the idea is to set apart a large proportion, or a proportion, for educational purposes. The education, you clearly understand, is that of citizens rather than an academic education.

498. Educational purposes having nothing whatever to do with the farm?—They have to do with the farm so far as it relates to the citizen's duty of helping each other.

499. Yes, but not specially agricultural education or the labourers' education on the farm?—They would participate possibly.

500. I do not quite understand the scheme even now. Do you mean to say that they would come to a fresh resolution year by year varying with the profits on the farm as to the amount capital should have and labour should have?—No. I am speaking of our experience and up to now they have not had more than 5 per cent., and it is difficult to say what new ideas would come out if they have more than 5 because there is a very strong feeling amongst co-operators generally that 5 per cent. is as much as capital should get, and while the rule stands that all profit should be divided between shareholders and workers it is something rather in anticipation of what might be if we consider the case of there being a larger profit.

501. But conceive a very bad year for farming in which you could, do no more than pay the rent, what would happen then?—There would be nothing for either shareholders or labourers.

502. And supposing there was a small margin, how would you divide it?—It might be by resolution set to a reserve fund.

503. If you have enough, your present rule would be to put 5 per cent. to capital and then to divide, is that so?—Yes.

504. If you have not enough it would be a matter of special resolution?—Yes, it would be.

505. Now throughout your evidence I gathered that you differed very much from the previous witness on the important principle of allowing your labourers or *employés* to share in the profits of the distribution or production by co-operative means, have you anything to add to what you have already told us on that matter?—That there is a difference would be obvious to everybody. To what point do you refer. I expect that what your question leads to is that we give the labourers a share of the profits.

506. That is the point?—There is a great difference.

507. Now is that felt very strongly in Scotland to be of the essence of co-operation?—It is very strongly.

508. There have been discussions, I suppose, and divisions on the subject?—Not so many, and when a discussion took place the large majority nearly unanimously were in favour of recognising the rights of labour or the claims that labour made.

509. That has been the case from the beginning?—For over 20 years.

510. I gather from what you have said that there is an opinion that labour should have an increased share of those profits as compared with what it has had in the past, is that so?—The point is a difficult one to answer in a monosyllable. We are in this position if you will allow me to say so, while we recognise the necessity of giving labour a share of the profits, yet the system we have set a-going is perhaps the best that we can work out where we have 14 or 15 industries going. While we believe that justice only would be done if we could follow down to every individual and give him as nearly as possible in money the results of his labour, still at the present moment we have rather pooled the profits of all our industries and divided them something like equally over all the members.

511. Have any of your *employés* or labourers as such, irrespective of their position as members, any control over the proceedings of the associations?—Do you speak of the wholesale or retail societies?

512. Any of them?—In some of the productive societies in Scotland the *employés* take part in the management. In one case an ordinary journeyman is chairman of the society.

513. But he is a member also, I suppose?—He is a member of the society.

514. But I said, irrespective of that, those who are not members?—No.

Mr. *Gerald Balfour.*

515. The Chairman has called attention to one difference between your Society and the English societies in respect of giving the workmen a share of the profit. There is another difference, is there not? None of your capital is invested in ordinary securities, but all in co-operative enterprise, is not that so?—I can speak of our own society. We have not a penny invested outside co-operation.

516. And whereas, the English societies seem to have had some difficulty as to how to dispose of their accumulating capital, in some cases even limiting the amount which members might hold, you would be rather inclined to remove

Mr. *Gerald Balfour*—continued.

the limit at present imposed by law ?—I would. While some of our retail societies it may be have thought it well to not go the length of the 200*l.* of the Act, still I am of opinion that the limit should be taken away, and that we should be allowed freedom to fix the limit for ourselves.

517. There are some societies, however, which have followed the English example and lowered the limit ?—One or two, I think, because of local circumstances.

518. I think you said you would consider it an indication of weakness if you were unable to find employment for capital in co-operation, but had to seek investment for it elsewhere ?—My own opinion is that the moment we have to seek investments outside co-operative movements, we confess to the world our inability to carry the movement further.

519. Is the amount of your funds employed in co-operative production larger in proportion to the total amount of such funds than is the case with the English societies ?—I believe it will be, in proportion.

520. Do you make it more an object than they appear to do to employ capital in co-operative production and to push that branch of your business ? — You will excuse me, but because of the very close and kindly relationships that exist between the English and Scottish Wholesales, I can scarcely discuss the question as to the difference between us, because it is not to be supposed, that I know so well the circumstances of the English Wholesale as I do of our own. But I will answer very straight and as clearly as I can possibly do, what we are doing ourselves.

521. I will not refer to the English society again. I was not referring to it for the purpose of setting the one against the other, but merely to see what your aims and objects were. It was for that that I asked the question. Now will you tell me about your profit-sharing scheme. How far has it proved a success ?—In what way ?

522. Has it paid in the first place ?—I think so.

523. Supposing it did not pay, do you think your Society would be in favour of abandoning it ?—I do not think so. I think that public opinion as regards co-operative enterprise amongst co-operators in Scotland, is so determined in this matter that it is likely to go further, and losses will not affect the idea.

524. So that even if it did not succeed commercially, you would still adhere to the system ?—I am of that opinion.

525. You think it is paying still ?—I do.

526. In what way—does it call forth increased energy and zeal on the part of the *employés* ?—I should not like to measure the amount of additional zeal they can throw into their work after they have done their duty, but this I can say, that we get the most efficient and best, and most intelligent workmen possible in the various

Mr. *Gerald Balfour*—continued.

industries we have entered into, because of the good conditions we mete out to our labourers.

527. If you give a higher wage than the average standard wage it would produce the same effect, would not it ?—I do not know that it would. We give higher wages than the standard wages of the trades unions in some cases and a bonus besides, but having conversations with some of the leading men in the various industries they have themselves said to me that it is very much appreciated by all the workers and that they think it is a step in the right direction, because they hold very strong views on the subject of the basis of remuneration of labour and as to whether wages is the end of all this question.

528. Then you think that this system of profit-sharing produces good workmen apart from the addition it makes to their wages ?—I put it rather on that ground.

529. It makes them more contented and gives them a feeling of solidarity of interest with their employers ?—It does.

530. You do not agree then with the view expressed by Mr. Mitchell yesterday* that profit-sharing is not good for the workmen ?—I do not.

531. That has not been your experience ?—It has not.

532. Have you ever tried co-operative production in the fuller sense of giving to the workmen a share in the government of the enterprise and a share in the capital ?—In the Paisley Manufacturing Society to which I have referred before, the workers are admissible to the government of the society, and I have said that one of their ordinary workers is chairman of the board.

533. How far have the workmen taken advantage of that privilege ?—Which society do you refer to.

534. To the Paisley Society ?—Very fully. Even the women take out shares and attend the meetings I understand, though I am not a member.

535. Do they exercise a real control over the management ?—They must by the votes. The question came up at the last quarterly meeting as to whether the servants should be removed from the board of management, on a motion that had been tabled, and it was very evident that the strong feeling was the other way, because by vote it was settled that things should go on as they were going.

536. Has that Society been a commercial success ?—Very prosperous.

537. Would you like to see the same experiment tried by other societies ?—In the Wholesale I have already proposed it, and it has been negatived.

538. You have proposed it ?—On the board, but it is not looked favourably upon; but I believe it would be a step in the right direction, and possibly it might minimise any chance of disputes between capital and labour in the form in which we are conducting our business.

* See questions 195–210.

Mr. *Gerald Balfour*—continued.

539. Do you think that that form of co-operation is suited to all your productive branches, or only to some of them; for instance, is it better suited to the boot trade than to the drapery trade. I merely give those as examples of what I mean?—Would you put it in another way,—are there only some industries suited to our method of doing it?

540. Quite so?—No, I think all the industries that we have tackled, and we have about 14 of them, have yielded to us about the same amount of success. It would be different if each of those industries had started as a separate society. Elements would come in that would show the differences, and the difficulties would be a matter of degree in the various industries.

541. You do not anticipate that the giving to the workers a share in the government of the concern would lead to want of discipline?—Personally, I do not.

542. It has not done so at Paisley?—I do not think so.

543. Now, Mr. Mitchell described yesterday* what was his ultimate ideal of co-operation. If I understood him rightly, that ideal was a vast universal co-operative store, which should eventually absorb all the productive energy of the country into itself. Is that the kind of ideal which you also desire to see realised?—No.

544. But you have your own ideas as to what should be the outcome of co-operative effort?—Yes, I have.

545. Will you tell the Commission what those ideas are?—I should fancy that unless human nature was greatly altered it would never be possible for men to all work in one co-operative society. We must take things as they are, and I think the development of co-operation in the wholesale will only extend so far as productive thought extends among the people who join the co-operative retail societies. Beyond that I do not think wholesale co-operation can go much further. That is is to my mind its limit, but without that circle there is a large and important force in the trades unions of our country who each of them, I think, should have a productive wing attached to their union in which they could at least for a time experiment as to whether they were able to carry on their own industries or not, and in which a part of their funds might be laid aside to finance. In this way I think that in time it is quite possible that many industries in this country might pass into the hands of the workers, and pass into the hands of the workers I think for the good of the whole community. The result, I think, would be greater than that spoken of by the previous witness, because there would be more people interested, and the change would not be so violent. The other form which might run alongside of both the wholesale and retail co-operative associations with the productives and the trades unions would be those associations, which I think seem almost near at hand, where capitalists will associate their workers with them, and whilst still keeping some little control of the business, will admit their workers to a share in the management, and also to a share of the profits of the concern in which they live. I think it is in these three directions, with the extended knowledge of commerce which is coming to working men, that it will develop, and in that way I think a larger area would be brought in, and there would be a more likely chance of success than there would be by having one hard and fast system, in which everybody was supposed to come in, and adhere to.

546. Then what you look forward to would be first a great extension of co-operative production, secondly, production by trades unions——?—Yes.

547. —— which so far can hardly be said to have been tried, and thirdly, a development of the system of profit-sharing under the individual capitalist?—If you allow me to develop my idea a little further, I should say, in the interests of the trades unions, that I think it would be of the greatest importance in these disputes, which unfortunately occur so often, that there should be some real ground of certainty. While the capitalist frequently says that his business is not paying, the workmen say that they have good knowledge that it is paying. If they have a productive wing on each industry I am quite certain that this question would find its proper level, and each would be aware of the exact position of affairs. I need not tell you that since going into business in 14 industries in Scotland we have learned many things regarding profits and the difficulties of conducting the businesses which we knew nothing of before.

548. Would you propose then to lend money to trades unions if they desired to employ it for productive purposes?—The matter is a difficult one, and I foresaw that that question should arise, but, on good security, I should not have the least hesitation in advising the Wholesale of Scotland to finance productive stores that did not come in conflict with their own productive departments.

549. Then your view is this, that while you would not consider it desirable to advise co-operative societies to invest their funds in concerns that would not pay, yet, provided that this primary condition was satisfied, you think that they ought to supply capital to anything in the shape of co-operation calculated to promote the general prosperity of the working classes?—Most certainly. I have declined to support some ventures in co-operation, simply because I did not see their way to success, and I had good reasons for doing so; but in every case where there is a chance of success, where there are surplus funds made by co-operation, I should say those funds should be made available on good security for still developing and furthering co-operative ideas.

550. Are there any trades in which you think that co-operative funds might be invested, with special advantage in the first instance, with the view of improving the condition of the working classes. For instance, do you think you could advantageously employ those funds in starting businesses which are now, to a large extent, in

* See questions 368–375.

Mr. *Gerald Balfour*—continued.

the hands of what are called sweating trades?—When we come to the shirt making in the Wholesale, possibly I could say something on that point.

551. You refer to this question of sweating in shirt making, and you say you have given your *employés* from 10 to 20 per cent. more than many makers outside. Do you pay all your Workpeople in that industry piece-work wages?—We pay all our workpeople in that industry piece-work wages.

552. I presume that you get better workers than are employed by those firms who pay the lower wages?—We get the best, I believe; we have the choice. We make shirts, I think it is stated in my evidence, at 3*s.* 6*d.* a dozen which is 3¼*d.* per shirt. We pay for the lowest class of shirts made in our factory 2*s.* 3*d.* a dozen, which would be 2⅛*d.* a shirt on the labour expended. The average wage of the factory machinist is 12*s.*, some of them running as high as 1*l.* a week for making shirts.

553. But if you pay higher wages corresponding to the superior excellence of your workmen, does that in any way benefit the inferior workers in the same trade?—I think certainly it would be bringing in a spirit of emulation. The majority are better, and the minority would very likely strive to reach the better standard.

554. Have you any rules with regard to the employment of married women?—We do not encourage married women to come about the place. The finishers, as you possibly know, are generally old women or widows, who have some household duties to perform, and we give them the liberty of coming into the factory at such hours as will suit them, and in this way we find that we can get all the work done in the factory, instead of handing it out as formerly. But to encourage that system, or rather to bring it about, we had to offer a premium that would give 3*d.*, I think, on every 1*s.* earning, if they would come in and do the work inside. We have succeeded, and not a single shirt goes outside the factory now to the homes of the people.

555. You have not any absolute rule against the employment of married women, but simply you do not encourage their employment?—The rule is an internal arrangement. We give instructions to the managers that they do not encourage it.

556. And you do all that you can to discourage home work?—We do none at all. There is not a pennyworth goes out of any of the factories.

557. I think you devote a considerable portion of your funds to the object aimed at by building societies, that of supplying the workmen and their families with houses. Have you ever thought of the possibility of providing old age pensions by means of your financial resources?—We have had some discussions on the subject, but if you ask my opinion on that matter I should say that my experience with consistent co-operators is that they do not require pensions.

Mr. *Gerald Balfour*—continued.

With consistent co-operators living a fair life, they do not require it. To prove that I can put in a statement taken from the books of the St. Cuthbert's Society, Edinburgh, in which 10 of the old members, taken at random, have in 10 years been paid, or had put to their credit 1,575*l.* (*see Appendix* XIX.)

558. I only ask the question as it seems to me that if you are able to pay so high an interest as 4 per cent. on your loan capital, and 5 per cent. on share capital, you could deal with this question, which is one of great difficulty. Government annuities, I think, are calculated at 2½ per cent.?—Yes. The necessity I do not think is present amongst us. Unfortunately I have to confess that co-operation has not been carried down to the dregs of society, as I hope it will be some day. In that way we are brought into contact with possibly the best of the working classes, and as most of them are men of sober habits and are efficient workmen, the consequence is that when old age strikes them they are provided for. Many of them are their own landlords.

Professor *Marshall.*

559. Am I right in putting your position as midway between that of the extreme opponents of profit-sharing, and that of the extreme advocates of it?—I think we lean nearer to the extreme advocates of it, but we are between them.

560. But you do not go so far as those who hold that where there is no profit-sharing there can be no co-operation, do you. Would you hold that conditions may arise under which profit sharing is not possible, and yet under which the co-operation spirit may be at work?—I confess to that, but I cannot conceive of true co-operation without the necessity of sharing part of the profits with the workers, if profit exists.

561. You regard the benefit of co-operation as of two kinds, material and moral?—I do.

562. And for the moral benefit you think it is important that occupation should be found for the heads as well as for the hands of the workmen?—I do think so, and that comes out very strongly at all our district meetings, where they set their faces strongly against all forms of sweating, and all forms of adulteration and light weight.

563. And you think that this occupation for the head should, as far as possible, be connected with the management of the businesses in which they are themselves working; that they should be interested by a share in the profits and otherwise in the management of the business, and that it should not be regarded as something external to them?—I have a very strong opinion personally that the scheme will never be complete till the worker has some voice in the works in which he is employed.

564. You said, in answer to Mr. Balfour, that it was possible roughly to give a share of the profits in all the productive branches of the

Professor *Marshall*—continued.

Wholesale because they were connected together, but that if some of those businesses were separated it might be rather difficult to apply the profit-sharing scheme all round?—It would be. Where we have 14 industries running each of them yielding different profits, and the workpeople to a large extent on common ground, we think it would be a cause of friction and ill-feeling, if some got a third of what others got, perhaps when they might have worked quite as hard as the others. I do not require to tell you, Professor Marshall, that the workers are not the only factors in making profits.

565. Could you give the causes which render the application of the profit-sharing system more difficult of application in some classes of business than in others?—You mean as to the result to the individual.

566. I mean as to the importance in particular of the element of wages as compared with the element of fluctuation in the price of stocks?—Yes, that difficulty has crept in already in our efforts, and some scheme will have to be devised to put it on a more equitable basis. In some industries the relation of wages to stock is quite different from what it is between labour and the value of stock. If I took a corn mill or some great industry, it would be impossible to divide the profits upon the same basis as we divide it to-day in the case of the 14 industries I have before me.

567. That is to say that in those industries in which the labour business is small as compared with the outlay of its capital, and still more where it is small as compared with the outlay on raw material, the value of which changes rapidly, there is a very much greater difficulty in defining what share of the profits is due to the increased energy of the worker?—There is great difficulty, but a scheme could be framed where it could be equitably dealt with. I have one industry in our own case at Glasgow, where we enter into preserve-making, and the wages of the workpeople are almost infinitesimal compared with some other industries who work with stock of smaller bulk, but of different value. In a tobacco manufactory I think the case would hold good there. The wages bill is very small in comparison with the value of stock, and therefore some new scheme will have to be found where we can more equitably recompense the workers.

568. Let me ask this question. It has been said by many people that there is a fundamental distinction between the application of the principle to distribution and production. Is not it your view that the reason why profit-sharing cannot be carried to any great extent in distribution, is that distribution is an extreme case of industries, like those you have just mentioned, in which the labour bill is very small in relation to the corresponding value of stock?—That is so. The difficulty occurs there.

569. And therefore the question whether there is a fundamental distinction between trade and production does not settle the question as to whether profit-sharing might not be applied in production, though it cannot be applied in all distributive businesses?—It does not. I should like to qualify that by saying I am not aware of any distributive branches where profit-sharing may not be applied.

570. I understand that you yourself think that profit-sharing might be applied in all distributive branches?—Most certainly.

571. I should think so myself: but at the same time you would admit that there are many persons who would consider that it is inapplicable in distribution and that in fact there are very few distributive stores that give a share of the profits to the workpeople?—There are very few, but the difficulty is rather a matter of will than a difficulty in the technical arrangement of the scheme.

572. Yes, but at the same time the influence on the worker of the profits in the distribution stores would not be nearly as great as in the case, say, of a boot factory, where the labour is important relatively to the funds?—That is so.

573. I think you will hold an intermediate position between the two extremes also in another important matter, that is on the question whether it is advisable to centralise completely or to decentralise completely?—In production or distribution.

574. In co-operation as a whole. You think that there are some trades in which centralisation is necessary, but you would not wish centralisation for the sake of centralisation?—I would not. While it may be cited against me before I am done here that I have been to some extent the cause of having led in some way the centralisation efforts of the Co-operative Wholesale in the Shield Hall works at Govan. It is merely an experiment there, and the ground has been built upon in the five years in which it has been carried on, and we can repeat the operation in other parts of the country, and thus I think disprove the assertion that has been made that we have been centralising.

575. Do you hold that the increasing expensiveness of machinery in many industries makes it more and more difficult to start small independent productive societies?—It is unless they are rich in many cases, and is the cause of their failure.

576. And for that reason it is all the more important to put as far as possible independent societies into the trades in which there is no ecomomic impossibility?—Yes, so long as they do not come into conflict with societies in a given market.

577. But generally speaking would you prefer that the Wholesale, representing the centralised part of the movement should avoid those industries in which there was not a very great capital necessarily employed, and in which therefore independent societies would have a chance?—I do not think that the thought has gone in that direction, for this reason, that we have generally taken up those industries that are likely to have the most capital expended

Professor *Marshall*—continued.

upon them, knowing that productive independent effort outside could not tackle those industries. The chances are they will take to those industries that are less complex and more easily managed.

578. You stated to Mr. Balfour that you thought there was great room for the undertaking of co-operative enterprises by trades unions ?—I think so.

579. I believe you have some experience in Glasgow, of giving contracts in two parts, the contract for material, and the contract for labour being separate ?—I think in the Glasgow Town Council that is so in regard to policemen's clothing and the officials' clothing; that is, the cloth is estimated for and the work is estimated for separately, I think that is so.

580. And you are aware that a plan has been adopted in Italy and elsewhere, with the deliberate purpose of encouraging co-operation by workmen's associations ?—I understand so.

581. And you think that might be carried much further ?—I think so. There is a case in point. While I know it is the case in Italy; I know that we have also carried it out in Glasgow. In one case where we estimated it for the firemen's clothing against all comers, and the Wholesale Society got it. I cannot say certainly just now whether there was a separate estimate in that case for the clothing, but in the case of the policemen's clothing I know there was, and in this way I think that if estimates were taken for materials and estimates were taken for labour, there would be a greater chance for working men's societies succeeding and the work being done under favourable conditions for the worker.

582. Do you think, if this were carried out extensively, we should retain the elasticity of the present system and yet enable workers to get many of the solid advantages of co-operation ?—I am quite sure of it.

583. You think it is rather a matter to be pressed on the attention of Imperial and Local Governments, do you ?—I would rather have it by the spontaneous action of the working people.

584. Yes, but I mean that it should be pressed upon the attention of the Imperial and Local Governments, that they should consider it always before giving out their contracts ?—Yes, I misunderstood you.

585. I did not mean that the Government should take any initiative in starting it, I meant that they should themselves so arrange their work given out to contract that some of it could be taken by associations of working men who had not a large capital, I mean by associations to be combined for that purpose, whether they were co-operative associations already or not ?

Sir *Michael Hicks-Beach.*

By dividing the contract into a contract for materials and another for labour ?—That would not exclude co-operative societies, but it would give a better chance to the workers of manipulating the cloth according to their money.

Professor *Marshall.*

586. You have told us a little as to the kind of business advantages that the ordinary member of a store gets from attending the meetings and entering into the difficult questions with regard to the store ?—Yes.

587. But I think you have more to say; would you tell us about it more at length ?—You mean the training generally of the co-operators.

588. Yes ?—I fancy that most of us, as working men who join co-operative societies are trade unionists long before we come into contact with our fellows, and have some very crude ideas as to co-operation. Our new members are the most ardent men for upsetting old institutions, as a rule. It is not a question of whether it is good or bad, so much as that they would like to see some new fad carried out. In this way I think it has had a sobering and steadying effect, while it has added greatly to their knowledge of how businesses of this kind are conducted, and it has given them some idea of the relation which what is called profit bears to other funds, and it has shown them also the difficulty of conducting a huge commercial concern employing a number of people, and the difficulty of conciliating the interests of the employer and employed, and for the first time possibly he gets a sight into the history of the commercial institutions. Many of us hold strongly to our class views, and we see that there are very great difficulties from the employers' point of view.

589. And you think that a great advantage is likely to accrue from the extension of the sphere of activity of co-operative enterprises ?—I have not the slightest doubt it is a training ground for all our people.

590. Most of the stores have already some workshops for tailoring and shoemaking, have they not ?—Nearly all the stores, even the village stores.

591. And the members of the stores get some training in connexion with those workshops ?—They do.

592. But the problems are not of the same order as they are in a business that enters into competition with large capitalists. The problems are very simple ?—The problems are very simple comparatively.

593. In the management, however, of farms in the immediate neighbourhood of the stores they would be brought directly into contact with difficult questions, would not they ?—Yes, they are new to the questions entirely.

594. Are there not two sorts of farms ? I think that you have in mind one sort, very small farms of a few acres each to supply the immediate wants of a certain store with dairy produce and garden produce, is that so ?—That is so.

595. And there is another sort of farm of a somewhat larger character not necessarily situated near to the towns or to the stores, but which would supply a considerable number of stores ?—We have just begun in Scotland. This is the very first year's tenancy and we cannot speak of the results, but we have taken off our first farm 280 acres, and we expect to extend this scheme to all the counties in Scotland in each of which

Professor *Marshall*—continued.

we expect to grow produce for the supplies of the country.

596. That would be almost entirely pastoral produce ?—Largely, and of cattle also.

597. That and garden produce ?—Garden produce is largely contributed or more likely to be contributed by the local farms connected with the individual stores.

598. Yes, but they still do buy vegetables and and things of that sort in the outside market ?—Very largely.

599. And that might be supplied by these farms ?—Very possibly.

600. Then one more point with regard to the work the Scottish Wholesale is doing for what might be called the sweated class. I understand you came to the conclusion that the people who found it difficult to leave their homes could not be induced to come to the factories except by your paying a little more than the market rate ?—Yes, it came about in this way that while we were very anxious to have all our work done in the factories so that we could see under what conditions it was done and have control over it and understand it, we found it very difficult to bring that about. We found that the class of people who were employed for this shirt finishing were people who had large household duties; perhaps a woman with some children, or a husband partially or completely on the sick list, and they would not give us a whole day in a factory, but would only work at it for a while. Then it struck us that by offering a premium of this kind we might get them to come in, so we offered them a certain amount over what we would offer to the ordinary workers. We gave them 25 per cent. upon the price that they would get if the work were taken out. That is they get 1*s.* 3*d.* where they got only 1*s.* on the labour done before. There is no work now given out.

601. It comes to this, does not it, that you are proposing a mild discipline which is for the benefit of the workers, by which in the first instance you lose a little money but which will come back to you perhaps, and certainly to the country, through the fact of the work being done in that better way ?—I am quite sure of it, but I question if we are losing by it, I believe we had great difficulty possibly in getting back our property, and we got it back sometimes in such a condition that it was a loss to us. But taking it all through I question if we lost any money, on it while I believe the discipline on the people has had a good influence.

602. You are taking the risk of losing a little money, feeling in the long run that it will come back to the country if not to you ?—That is it, we have taken that risk.

Mr. *Abraham.*

603. What are the hours per day worked by your *employés* ?—In the industries I have been speaking of where the work is done by people who are not connected with trades unions, such as shirt makers they are not fixed, but with some women who are connected with the

Mr. *Abraham*—continued.

Women's Provident and Protective League they have been fixed, but they have no particular hours in the shirt-making industry, and it has been a matter of congratulation to the directors of the Scottish Wholesale that they should fix so low a number as 44 hours per week, that is in the clothing and shirt factories where there was no pressure brought to bear upon them. In the other industry such as boot making there are the regular hours of the trade. In the printing it is 2½ hours less; and in the cabinet-making it is the same as in the other industries.

604. Can you give the Commission the number of hours ?—The hours worked in each industry.

605. Yes ?—In the boot and shoe and currying factories it is 52 hours per week; in the cabinet-making it is 51 per week; in the printing it is 50 per week; in preserves 53 per week; in the clothing it is 44 hours per week; in the hosiery it is 44 per week, and in the distributive it is from 45 to 50 hours per week.

Mr. *Tait.*

606. By distribution you mean the distribution of the wholesale goods to the wholesale societies ?—Yes, but Mr. Abraham I think asks his question as to the Wholesale.

Mr. *Abraham.*

607. What is it on the average ?—About 48 hours.

Mr. *Bolton.*

608. What are the hours in the retail stores ?—In the retail stores they are about 55 hours on the average over Scotland. I am speaking roundly, the average might be either up or down, but as I see the figures before me it might be about 48 or 49 hours at the Wholesale.

609. By what standard are the wages fixed and regulated in your workshops ?—The trades union officials as I stated of the Boot and Shoe Union fixed a standard of wages some years ago which is printed and signed by both parties and hung up in our places and upon that statement we go, and it differs entirely, I understand, from the statements that obtain in other places, possibly that is because we call upon the workmen to make a class of goods that they have not been called upon to make before.

610. Will you kindly inform the Commission as to the rates of wages paid ?—The statement is a very voluminous one and covers so much ground as regards boots and shoes, but I could put it in if desired, it is a printed statement.

Sir *Michael Hicks-Beach.*

Let it be put in.—(*See Appendix* XX.)

Mr. *Abraham.*

611. As a rule you pay the highest wages payable in the trade ?—We pay the highest wages payable in the trade, and we think, and the men say, that in some cases we pay a

Mr. *Abraham*—continued.

little more. We pay more for boot and shoe making than we can buy the same boot for made in Northampton and Leicester, that is for the same class of goods.

612. In addition to the fact that you have paid higher wages than it is the rule to pay it would seem that you also have been able to make a profit and so share it between the workers and the capital?—Yes.

613. Would you recommend the application of that principle to other larger trades than you are working in now?—Yes, my experience has been during the last 10 or 12 years such that I do not know that magnitude would effect the principle at all; it would be a matter of organisation upon the part of those who were employed, and, of course, the necessary amount of capital to finance.

614. In your opinion then, would good wages with a share of the profits, or the promise of an old-age pension give the greater stimulus to thrift and prudence amongst you?—I think the immediate results would.

Mr. *Tom Mann.*

615. I would like to put one or two questions concerning the method of control; do I understand you to say that you are distinctly in favour of the workmen sharing in the management of productive establishments?—Personally, yes.

616. And you think it is desirable that that should be general?—I think so

617. In the whole of your experience have you found any of the societies that have tried it fail because they did not insist upon the requisite discipline, or successfully maintain it?—I know some societies have failed where it has obtained, but I do not set down the failure to that.

618. Now in the sharing of profits you have expressed yourself very distinctly that discipline is necessary, I think; do you add that?—And necessary; and I could give my reasons.

619. Mr. Balfour put a question to you to which I did not catch your answer; he asked the ideal or object at which you were aiming at, and what did you hope to accomplish by means of the co-operative movement. What did you say to that?—We hope to accomplish a better distribution of the wealth of the country and a conciliation of the forces of capital and labour generally. The question I think was asked either by Mr. Balfour or Professor Marshall, and the answer I gave was one as to the ultimate view I had of the movement. Is that what you refer to.*

620. Yes?—I expressed the belief that wholesale co-operation could not extend very much beyond the limits of the retail organisation, and its growth would be determined very largely by the spread of co-operative thought in the various localities of the country. That it could ever possibly overtake all the industries of the country I have no belief in; that it would be desirable I question; but that collective effort should be encouraged I have no doubt; and in

* See questions 543–550.

Mr. *Tom Mann*—continued.

other directions I have the greatest possible sympathy, in whatever form it may come, with a scheme if it includes the good of the largest possible number. It is very little to me, in fact what is the method that is taken. I do not put wholesale co-operation above other schemes, and I am open every morning to take new ideas which will lead to better results.

621. Then your efforts are directed to the organisation of trade with a view of getting control of the trade and commerce of the country, is that so?—To the words in which you have put it I could scarcely say yes, but if it is for the good of the total, I say yes.

622. I understand that you are engaged in distributive co-operation, and you are following that up as rapidly as you can with productive co-operation; and I think you have expressed yourself favourably to decentralisation. You, nevertheless, also exercise some control, and evidently desire that there should be a common understanding between each of these separate productive societies?—I do.

623. If this is extended what will ultimately happen?—The natural result will be the absorption of the other traders of the country.

624. If we may for the moment assume the Scottish Wholesale to be the central institution, then the Scottish Wholesale Co-operative Society would exercise a controlling power upon the entire trade of Scotland?—I should not say so. I should give the greatest possible independence to outside societies; to any outside organisation which had the same ends in view. The question put to me by one of the gentlemen at the head of the table was, what would be the relationship? I said, so far as we were likely to be a repository of the surplus capital of the movement, we should take any steps to enhance it by giving it on security. But I believe in independent organisation.

625. That is, you approve of what independence is requisite to insure the success of the establishment; but you also insist upon such provision of general relations as will guarantee harmonious working throughout the entire concern?—Yes, entirely.

626. Now, concerning the share in profit. As you appear to be working for the purpose of exercising this control over the trade of the country, does it matter very much whether profits are shared in or not, do you think?—I think so.

627. Allow me to put the question in this way. If the men in the employ of the Scottish Wholesale and the men in the employ of the English Wholesale are equally desirous of furthering the movement for the objects stated by yourself, and yesterday by Mr. Mitchell, it will be a matter of very small concern, will it not, whether they take profits or not, if they take a relatively high wage, and then throw in the rest for the extension of the movement?—Your question assumes a position we have not arrived at. They do not all take that high interest. If it were as you put it, possibly the results would be as you anticipate. But I have

Mr. *Tom Mann*—continued.

not measured profit-sharing by the extra zeal which it calls forth. I have measured it rather as the right of the *employé* to share in the profit which he helps to make.

628. Now if you put it in this way, that the production of a man in the Scottish Wholesale is equal, we will say, to 3*l.* a week, and as the result of the method upon which you decide what wages he shall take, he takes the whole of that, less the necessary return as accepted by yourselves to capital, what difference would there be as compared with the English Wholesale, where he took the same amount, say, 2*l.* 15*s.*?—There would be no difference in the amounts perhaps given, but that does not settle the question.

629. Would it affect the co-operative movement at all. Would it hinder or retard or help it in any way?—Yes, I think it would.

630. Because of what?—You take away perhaps one of the phases of the movement. In so far as the leaders of the movement in Scotland at least are concerned, they do not look upon wages as being a settlement of the question, and they point to the time when labour will be interested in a very different way.

631. "Wages does not lead to the settlement of the question." That means, I presume, that you object to the wages system entirely?—Personally, yes.

632. What can supersede the wages system?—A share in the profits.

633. But wages may mean anything, may it not; entirely taking everything that is produced, less managerial expenses?—That is just the reason we oppose it, because it may mean anything, and it is very often fixed on some traditional basis, without having a scientific basis at all.

634. So that if wages should be made to mean the entire return of that which is produced by the men's labour, less managerial expenses, it leaves nothing to be said concerning profits, does it?—After capital and managerial expenses have been met, then I think the best way of remunerating labour would be to divide the profits.

635. I want to understand why it is that you object to the wages system. I have a difficulty in understanding quite what the next step would be. If we object to the wages system which you have objected to, it means that those who produce value by their labour, whether mental or manual, shall, less managerial expenses, receive all that they produce in return, does it not?—Not all. After the usual charges have been met (and of course an encouragement given to trade, as in the co-operative movement), I would give purchasers and the labourers all the profit between them.

636. Does it leave any essential difference, whethes it is termed wages or profit, if the worker gets all that he produces, less that which is fully requisite for trade?—I deny that he gets all he should do in wages.

637. You deny that he gets it. That does not show that the wages system is in itself bad, does it?—No.

Mr. *Tom Mann*—continued.

638. It is a case of what we term wages?—Yes, exactly. It is a term that wants definition.

639. And there is nothing very deep in this contention, is there, that there is a difference of principle as to whether a man shares or not. It is the proportion which he gets out of that which he produces, is it not, which is important?—I do not know that the rewards of labour by wages has had that effect on men generally that a share of the management with a share in the profits is likely to call forth.

640. May I put it in another way, because it is to my mind a very important point. We will assume the total value of a man's effort is, say, 3*l.* a week. What you are striving to bring about is that the man should receive all that he is ethically and economically entitled to, which will mean everything, less managerial expenses, and anything else that you may think worth while to throw in; and I think you have thrown something in. Now it does not matter whether that is taken under the term of wages or under the term of wages and profits, provided that the aggregate amount he takes is exactly that amount which you say ought to go to him as the worker who produces it. It does not matter whether it is under the name of "wages" only, or "wages and profits"?—I think you are fighting with terms.

641. I was wondering whether you were not fighting with terms from the fact, that you said there was really a difference of principle, whereas what you are concerned about is that the worker shall get that which is rightly his; and that which is rightly his it seems to me would be interpreted very similarly by yourself or by Mr. Mitchell?—Yes.

642 Then, if that is so, I think there is not very much difference between you except as to the particular method which serves for the time being. Although you say you do not want to measure the increased zeal thrown in by the stimulus given by the profit-sharing; nevertheless that is what you rely upon?—No, not necessarily. You say it would not matter what you call it, but in one case you give the wages or remuneration in coin, and in the other case you make the man responsible for conducting a large business, and put upon him responsibilities which as a wage-earner he never could have.

643. I notice one statement on page 6 "Preserves. We employ in the height of the fruit season about 200 workpeople, principally females. As the season advances we have to reduce our staff slightly, but during the winter months we employ perhaps about two-thirds of the above number making marmalade, labelling, &c." Is this difficulty of finding constant employment one which has given you great concern?—It is.

644. Can you tell us what conclusion you have arrived at upon it so far?—One of the reasons which actuated us in starting so many industries at once was the hope of getting over this very evil. Some of us had an idea that, if we started the industries alongside of each other, whose seasons, perhaps, of fulness, were at dif-

Mr. *Tom Mann*—continued.

ferent times of the year, that to some extent we could draft the workpeople from the one to the other. I grant you it was perhaps a thought that had not much practicability in it, and the result has been that we have not been so successful as we should have liked. May I give you an illustration.

645. I should be glad. But first, let me understand what you have already said; you are trying to overcome this difficulty by dovetailing trade with trade?—Yes.

646. You are really making an effort in that direction?—We are. When we put up the preserve factory we were quite aware of this trouble, and to counteract the evil influences of partial employment, we put up at the same time a confectionery factory alongside where we could make up stocks fairly well in the winter season.

647. And to some extent the one eases the other?—That was our intention. I am not prepared to say that we have been long enough in existence to say that we have been very successful.

648. In any case you state distinctly that you look upon this as a great evil?—I certainly do, and have worked to overcome it.

649. Do you think you will be more likely to overcome it if your trade increases than you are now?—It will depend entirely upon the workpeople themselves. Our difficulties are inherent ones apparently. The workpeople in the mantle factory we thought possibly might be drafted to the tailoring factory, but we do not find that they very much care to change their trade, and they preferred rather to leave.

650. They prefer to leave?—Yes; but the mantles are the only ones that are affected by fashion among the industries.

651. This would imply that they have some other means of obtaining a livelihood?—I should hope so, although I am not aware of it.

652. You have engaged considerably, I believe, in the baking of bread and confectionery generally in Glasgow?—Yes.

653. Could you mention the proportion of the trade of Glasgow that you do in that direction in proportion to the total trade in Glasgow?—It would be difficult to say, but I would venture to say between 5 and 10 per cent. of the whole trade possibly. It is a very difficult question to answer; but I would venture to say that.

654. From the previous statements you made I gather you are quite favourable to municipalities doing that work which properly comes under their scope?—Most certainly.

655. Do you consider that a form of co-operation?—I do, under certain conditions, that all classes should be represented in the Government.

656. You mean so that they shall be representative fairly of the populace?—Most certainly.

657. Would you make the same remark concerning parliamentary or national effort?—I would.

658. Are you of opinion that there are some trades which you will not be able to control through the voluntary co-operative movement?—There may be some that would offer greater difficulties, but I have yet to learn that there is any that we could not tackle.

659. Assuming, as I suppose I may, that you are desirous that your views and principles should find the widest acceptance possible, do you consider it desirable and necessary that other efforts corresponding to yours should be made concurrently through the agency of municipalities and of Parliament?—Yes, certainly; so far as they do not come into conflict with each other.

660. Quite so; and so long as they were running on all fours, so to speak, with your own efforts?—Yes.

661. So that you are not afraid of law?—Not good law.

662. Exactly. You are not afraid of making use of parliamentary or legislative institutions if in your opinion those institutions could be made to further the principles you have at heart?—Most certainly not.

663. You expressed yourself concerning wholesale efforts productively as being limited to those which they were capable of distributing through their distributive societies?—I did.

664. Then when you recommended the trade organisations should use a portion of their funds in establishing productive concerns, I was not quite clear as to whether you simply recommended that in the interests of the trade unionists themselves of enabling them to understand what kind of difficulties there were in production, so that they would know better how to apportion wages and profits, or whether you recommended it in the interests of the co-operative movement?—I recommended it in the interests of the two. I would like to see the workers taking hold of some of the industries of the country, and allowing the profits to go among themselves rather than that they should go into the hands of individuals, and I also think it would be a great help to the trade unionist because of the information they would receive; and many disputes I am sure would not be so violent or protracted if we had that information which comes from practical experience of this kind.

Mr. *Tait.*

665. The business of the Wholesale, I think, you have stated runs about 2,900,000*l.* a year?—About 3,000,000*l.*, yes.

666. And in respect of profit the Wholesale has distributed, or put to the credit of the retail societies during last year, 105,000*l.*—That is so.

667. Therefore these societies that are dealing with you in your Wholesale are getting not only the profit on their own retail distribution, but by membership with you secure the profit which ordinarily goes to the merchant who supplies any goods to any person?—That is also right.

668. Can you tell me what proportion of the aggregate profit of the retail societies is given by the Wholesale?—Possibly about 4*d.* per 1*l.*

669. You cannot give me the per-centage of profits?—4*d.* per 1*l.* on their own sales in the

Mr. *Tait*—continued.

best societies might be the proportion that they get from the Wholesale. While the dividend is 7*d.* by averaging it you might get 4*d.*, I think.

670. I think the ordinary dividend of the Scottish Wholesale has run from 4*d.* to 7*d.*?—7*d.* over two years, I think.

671. 7*d.* in the 1*l.* on purchases?—Yes, of course the same going to labour.

672. Will you explain to the Commission the system of electing representative men who come to your quarterly meetings for the purpose of instructing the directors how to carry on the business?—Yes. The method we have of getting our delegates to the quarterly meetings is from a rule under which we ask all societies who are members to accept a ticket of admission to the delegate meeting because of their membership. And they get an additional ticket of admission for every 1,000*l.* purchased during the quarter. In this way a society purchasing 6,000*l.* worth of goods would have seven tickets sent to them, one for being a member and one for every 1,000*l.* purchased.

673. Do you find the distributive societies loyal to the Wholesale?—I should say they are extremely loyal, although I say sometimes they might be more loyal.

674. Under the circumstances, you consider that the Wholesale is well supported by the distributive societies?—Generally speaking, yes.

675. Has your Wholesale Society, or has it not, taken advantage of purchasing material or goods or whatever they may desire, from the co-operative institutions?—We have given instructions to all our managers that whenever they possibly can, they should encourage co-operative production by taking their goods. Everything else being equal, they should get the preference.

676. That is, you are prepared to give them a fair trial?—Yes, and little more, I think.

677. Have you not done that even to the extent of purchasing from the Joint Stock Institution in Huddersfield, where the workers get a share of the profit?—We do a very large business there, if it is Mr. Thomson's you are referring to.

678. Mr. Thomson gave evidence* here, and he said it had been done?—We do a very large business, and very satisfactorily.

679. In regard to women's labour, have you had any disputes with them?—No.

680. You gave us two instances of wages paid, one at 12*s.* and the other at 1*l.* Can you tell me what is about the lowest wage paid to any girl in Shield Hall?—It was the shirt factory. The average was 12*s.*, while the maximum wage was 1*l.* I think that was the way I put it.

681. Not confining yourself to any one industry, can you tell me what is the lowest wage paid?—Everything depends upon the age and ability, and a girl going in from school would start at 4*s.* or 5*s.* a week, I think. Then she would be 15 years of age. In the tailoring factory she would be enabled, if she became an efficient worker, to make from 22*s.* to 27*s.* a week.

* See Minutes of Evidence, Vol. ii., Group C.

Mr. *Tait*—continued.

682. In the course of a few years?—Yes.

683. You do not start anyone in your factory under 4*s.* or 5*s.*?—I think 5*s.* There may be some very young girls at 4*s.*

684. And you have women in your factory at the present time, you say, who are making from 22*s.* to 27*s.* a week?—Yes, 27*s.* a week has been the highest reached, I believe, in the clothing factory.

685. And these women are working less hours than what they do in private firms?—44 hours per week.

686. You have given the factory inspector, you say, every opportunity of examining your place, and are willing to accept any suggestions from him, but he is so satisfied with the conditions of work that he is not able to make any further suggestions to you?—I can personally testify to that.

687. I think you have taken in Glasgow a prominent part in connexion with the Women's Provident League?—Yes.

688. You have attended some of its meetings?—I have.

689. You have thrown open the doors of the Scottish Wholesale for the consumer or others who are interested in that league, to come into your works and advise your own girls to join this Union?—And showed them the wages book.

690. Are you of opinion that the fact of your having done that in your representative capacity and the interest which you have personally taken in the matter, has been a reason of keeping disputes down in your midst; that the girls knew they had immediate appeal to you if anything went wrong?—I have not the least doubt of that. I appear on the same platform frequently in advocacy of trade unionism with our own workpeople.

691. And you say, with regard to these disputes in the cabinet work about four years ago, at the time when the dispute was going on, you did also offer to the trades union the privilege of examining your books for themselves?—I believe we did; you are referring to the cabinet makers.

692. It was a small thing?—I can give you the facts if you think proper.

693. Now, I wanted to know if they had got that opportunity. I know that others have?—I am certain that they had, because I met the secretaries of the trade's unions personally, if that is what you refer to. I met them personally so that I am on safe ground in saying that.

694. You said you did not unite with other employers of labour for the purpose of protecting the trade?—Any employer's association.

695. Yes?—I considered it would give the lie to all our professions if we attempted anything of the kind.

696. Have you been approached to join these these associations?—We have had invitations to the meetings, but that is all. We have had circular letters, I daresay.

697. May I take it that your ideal of the co-operative movement is that they should just

Mr. *Tait*—continued.

have a co-partnership, as it were, between the workers and those whom they should appoint for the purpose of directing the institution ?—I would bind every interest as closely as possible.

698. Do you think if the co-operative movement was more appreciated and taken advantage of, not only by workmen but by all classes, that it would tend to solve the question that is known as the labour question ?—I am quite sure that if there were a widespread knowledge of the terrible conditions that obtain, and of the earnest attempts that are being made by co-operators to put labour on a higher platform, and if we were to receive the help that we ought to receive from these persons who buy cheap goods that are made under these terrible conditions, it would be for the good of all.

699. Now, what is the Wholesale doing to propagate co-operating ideas ?—We keep ourselves open to attending any meetings and co-operation literature is being circulated, and on every occasion when attacked, defend our position. We accept every invitation when we have an opportunity of laying our views before the community. In these ways we think we are keeping the movement somewhat in front of the public, but the difficulty I may add, if I may be allowed, is a great one because the prejudice is very considerable against us.

700. Can you give us an idea how much the Co-operative Union spends, or did spend last year on co-operative education ?—I should fancy the outgoings would be about 4,000*l.*, speaking from memory.

701. That would be put to what is known as the educational funds ?—It was used in propaganda.

702. And the Central Union have seen fit, have they not, to appoint lately a lecturer for that purpose ?—Yes, an organising secretary.

703. Have you ever found in the course of your experience, impediments put in the way of co-operative development by employers of labour ?—We have in isolated cases had a man discharged for taking an active part possibly in the movement but they have been somewhat isolated. We have also had threatenings from railway companies that their men would either have to give up their duties as pointsmen or signalmen or whatever duty they may have had or give up the secretaryship of some local society. The Wholesale would interfere, and I think on both occasions when this has occurred we have been able to come to terms with the railway company and the man has been retained. I am not so sure about one case.

704. Why do you particularise railways. Other employers have also interfered with their men taking an active part in co-operative work ?—The smaller business men have, and some of the larger, but I think there is a growing feeling in our favour. The better informed people of this country are beginning to see that the sooner the great mass of the people are interested in the country, the better the country will be.

Mr. *Tait*—continued.

705. You have interviewed, I think, some employers of labour on this subject ?—I have.

706. Some managers of railways ?—I have.

707. Will you kindly tell us what railways they were ?—North British Railway.

708. Do you remember if the signalmen on the North British Railway whom you are speaking of was dismissed the service or had to leave, because he would not give up the secretaryship ?—I am speaking from memory. I think he had to leave.

709. Was it the fact that the Society which he was acting as secretary for, in view of his having to leave the service under this condition made him the manager of the Society ?—Made him secretary, I believe.

710. What other facilities do you give besides those that you have explained to us at Shield Hall; do you erect halls for the recreation of your *employés* ?—We have conceded facilities to the workers to take all their food on the premises. We have large halls, and we provide all that is necessary for giving the food at cost price, no profit being made out of the department. We have also erected recreation rooms in which newspapers and magazines may be found and games are played in the meal hours. There is one for the males and one for the females. As I have said, I think in my evidence, to those who have upstanding wages, that is, those who are paid for holiday time and who, when they work an hour or two's overtime get nothing for it, we have given four weeks' pay when in sickness, and if the sickness continues four half-weeks' pay.

711. Now, with regard to profit sharing. As to the amount of profit which you distribute to the workmen at the end of the quarter do you give it at the end of the quarter or do you give him the privilege of allowing it to lie at certain rates of interest ?—There is a loan fund in connexion with the Society, in which they can invest any of their surplus money, and on which they will get 4 per cent.

712. Can you tell us if that is taken advantage of ?—Not so much as we would like.

713. You have advocated that the whole of this money should be placed at your disposal with a view of creating a co-operative interest among the workers ?—I have. I have a scheme before the constituency just now that they allow half of it to go to share capital, so as to make them shareholders of the concern, and the other half to go to loan capital that can be withdrawn.

Mr. *Livesey*.

714. I do not quite understand your answer to the Chairman about the division of your profits on the farming. I think you said if you made only a small profit you did not give that to capital exclusively first ?—You see it has been only two years in existence, and while the rule said that profits shall be divided between capital and labour, up till now the company has only been able to give 5 per cent. The 5 per cent. has gone to capital and to labour, and there

Mr. *Livesey*—continued.

is no provision, I believe, in the rules, so far as I remember, that they should not go on if it were 10 per cent. But, as I know the strong feeling of co-operators against giving more than 5 per cent. on money, the chances are that there would be some other means found for the surplus profit.

715. But the point is, supposing your profits are not sufficient to give 5 per cent., but only sufficient to give 2½, would you then give 2½ to capital and 2½ to labour?—Yes, there would be an equal division.

716. You would not give capital its 5 per cent. first, before you give labour anything?—I do not think so.

717. Do not you think it is fair that capital should have something first?—It should run the same risk as labour does.

718. Put it in this way. The first charge is to pay wages?—Yes.

719. You pay the men certain wages. They having got their fair wages, do not you think the second thing would be to give capital its fair moderate rate of interest?—Not if you arrange beforehand that you are to give a share of the profits, whatever they were, between capital and labour.

Sir *Michael Hicks-Beach.*

720. I think if you look at the appendix (*see Appendix* XXI.), you will see that as a matter of fact, they have paid capital 5 per cent. before they paid labour anything, because in the column headed "Profit," after crediting interest on all capital, you see nothing but 14*l.* on one farm and 1*l.* on another?

Mr. *Livesey.*

That is what I was driving at, Sir Michael?—I am speaking largely from memory, and I may make a mistake in some of the statements regarding this Farming Association, not being a member; but I should think, if it said in the rules, as it generally does, that profits are to be divided between capital and labour, it would be immaterial whether it was a small or great one, that it should be done.

721. Does not surplus profit mean that you have paid labour its fair rate of wages, and capital its fair rate of interest, and then the surplus to be divided equally?—Well, it may. I will yield this much, because I am speaking from memory, and I want to be on very safe ground.

722. You said something in answer to Mr. Mann about your disapproval of the wages system?—I did.

723. Now I could understand, if no wages were paid at all, that then the profits should be distributed equally or *pro râta* between capital and labour, but seeing that labour gets its fair rate of wages first, then capital ought to have its fair share of interest next, and then the surplus profit to be divided between the two. Is not that fair?—Yes, but if the labour and capital were in the hands of the same people, it would be immaterial to whom I should divide it. I was on a case in which the labour and capital was in the hands of the same people, as if there were no other people called in.

724. Yes, but still there is a difference between capital and labour?

Mr. *Dale.*

A particular individual having the same proportion of each.

Yes, we have some cases of that kind.

Mr. *Bolton.*

725. The workers on this farm did not provide the capital?—I had not the farm in my eye when I said that, I was speaking of another case. I was just now thinking of quarrymen, who have taken a quarry, and they have subscribed the capital themselves, and they divide the profits equally among themselves. I think that is the highest form possible.

Mr. *Livesey.*

726. To apply the principle to the general system of the country, you have admitted that you do not believe it is practicable. You believe it is entirely out of the question to suppose that co-operation could be applied to the whole of the trade of the country?—I do not think we are in that position that it could be applied, and I question how far it would be desirable to have it all under one government. I think that the independent societies the various industries could manage it very much themselves, but I have a strong opinion that the interests of the country would be served if all industries were taken up by the people.

727. But that is a very long way off?—It might be nearer than some of us think, if we understood our own business better than we do.

728. Would it not meet your view if the co-operative system, or the profit-sharing system, or whatever you like to call it, were adopted by the private traders and manufacturers?—I would be quite pleased if employers of labour would take their people into their confidence, and give them some slight share of the profits; or that such an arrangement should be made between them whereby they would have some little voice in the direction, and that sort of thing. I believe it would tend to peace.

729. Take a private employer, a manufacturer, for instance, who has a business. He employs a certain number of workpeople, and he employs also a certain amount of capital. He gives wages in the first instance to his workpeople. He then takes a moderate interest on his capital, and divides the surplus profits between capital and labour. Would that be fair?—Yes, it would be fair. But I do not put that as one of the highest forms.

730. What would you then?—The highest form I know is where the workmen themselves contribute the capital, and give their services, and divide the results of their labour.

Mr. *Livesey*—continued.

731. How are they to get the capital for all the industries of the country?—I have said already I do not think it is possible at the present time.

732. Then we have to deal with practical things?—Yes, I would rather do so.

733. At present we see the capital in the hands of employers, and the workpeople receiving wages. What we want is to produce an identity of interests between those two?—Yes, and your case would be a fair one, I think, and would be gladly welcomed by nearly all the co-operators.

734. Then I take it that you have said that you consider profit-sharing an act of justice. I notice on page 6 in your summary you have put a little part of it in italics. "We have for over 20 years," then come the italics, "shared the profits made in the Society," the distributive, I suppose?—No, the distributive and productive in the Wholesale Society.

735. "Made in the Society with the *employés* "at the same rate per pound on the wages in "distribution as the members get per pound on "the purchaser." That applies to the distribution?—It applies to production and distribution. I state, I think, in the following paragraph, or one immediately afterwards, that the method of division is somewhat different in the productive department from the distributive.

736. But my point is, you divide the profits at the same rate per pound on purchases and wages alike. For instance, if you give 2*s.* in 1*l.*, as Mr. Mitchell told us, to the purchasers, you give 2*s.* in 1*l.* to the *employés*?—If in a distributive society, yes.

737. And you do that, as I understand you, because you consider it an act of justice?—Yes, I consider it is an act of justice.

738. Then I think we come to this, that as regards profit-sharing you think that it is not to be considered a gift on the part of the employer?—I should not like it to be taken in that way.

739. You think it is an act of justice on his part towards his workpeople?—Towards an important factor in production.

740. Then further I think also you say that the workman should be considered as a partner?—Yes.

741. You made one rather significant remark in the course of your examination by the Chairman yesterday. You were asked whether as workers, not merely as members of the Co-operative Society they were allowed to take part, and you said not yet?—Not yet.

742. Did you mean by that that you hoped the time would come when the workers would be allowed to take a part in the management?—As I have just said to Mr. Tait, there is a scheme before the Scottish Co-operative Wholesale Society which proposes to admit them as shareholders.

743. Then you would give them some of the privileges of partners?—We would give them all the privileges of other shareholders up to the point that has been denied them, although I am willing to concede it, of having a seat on the board.

744. Of course their position would not be exactly the same as that of the ordinary shareholder, but you would give them what you consider a just share in the management?—We have worked out that scheme, and we have put it as nearly as possible that the representation would be equivalent to the purchasers' representation—in the same proportion, so that the balance should be kept fair.

745. You have also told us that you consider this profit-sharing system is applicable to all businesses so far as you know?—So far as I know.

746. But in your case, having 14 separate businesses, it would be rather awkward if the profits were divided in proportion to the profits made on each separate business?—Rather awkward and difficult.

747 For instance, the bootmakers might get 5 per cent. and the bakers 2½ per cent.?—Or perhaps nothing.

748. And so you pool the whole?—We would pool the whole and divide it.

749. But you do not see any reason why a private firm, say a bootmaker, should not pay his men 5 per cent. while the baker only paid 2½ per cent.?—It would depend entirely upon the industry, because there are scarcely two industries alike, and it might be expedient to adopt your proposition.

750. It could not be otherwise?—Well, I am admitting your premises. I do not object to it. I think to be truly just in this matter you would have to carry the scheme or system down to the individual rather than to the department, and pay by results of the individual effort. That to my mind is the natural sequence of the question altogether. You must follow it down to the individual to see who has served you best, or, rather, who has served the interest of the community best.

751. You consider then that the ultimate result should be that the worker should rise to the position of a partner. At present he is a hireling.—That is so.

752. I heard Mr. Albert Grey, speaking the other day at the Co-operative Congress at the Crystal Palace, say that the workman had risen from the slave to the serf, from the serf to the hireling, and that he hoped he would rise to the position of a partner?—I have no doubt that would come if co-operative ideas were a little more understood.

Mr. *Bolton.*

753. You have expressed, I think, rather a strong opinion in favour of the abolition of the limit of 200*l.*—I have.

754. Your opinion is not generally held throughout the co-operative societies?—I am here representing Scotland, and I think I am fairly representative of the opinion of Scotland.

Mr. *Bolton*—continued.

I do not pretend to know anything of the opinion at the present moment in England.

755. Has it occurred to you to consider how this might possibly act. I think the votes of the members of the Society are in proportion to the capital they hold?—No; votes in local societies are in the ordinary popular way—one man one vote. In the Wholesale I have just described it is by delegation on the basis of representation.

756. I think you said that there were a certain number of votes given in proportion to the capital?—To the purchases. A society purchasing 6,000*l.* from the Wholesale would have seven tickets of admission sent which would represent seven votes, one for being a member of the Society and one for each 1,000*l.* purchased.

757. As a matter of fact then the shareholders have simply one vote however much capital they may hold?—Only one vote.

758. There would be no possibility in that way of a particular society getting into the hands of one or a few men?—Impossible, I think.

759. I have been struck at the amount of capital employed in some of your factories in proportion to the amount of work turned out. In boots you had a capital of 32,805*l.* in 1891?—Yes.

760. And the value of the goods produced in the year was 71,127*l.* That means that your capital is only turned over a little more than twice in the year?—The value of goods transferred to distributive departments was 57,408*l.*

761. Then that is less than twice?—Yes.

762. Then the tailoring appears to be somewhat similar; the capital employed is 4,133*l.*?—Yes.

763. And the value of goods manufactured is 13,117*l.*; that is more than three times?—Yes.

764. Can you account for that?—To account for it thoroughly, one would require to know the value of the machinery in the various places. The capital employed in the boot factory to-day is very different in proportion to the work turned out, to what would have been possible 10 years ago.

765. That does not apply to the tailoring?—It does not apply to the tailoring.

766. There is no manipulation of the capital?—No.

767. All this 32,000*l.*, which appears as capital employed in the boot factory, is actually employed?—Yes, actually employed.

768. You would say, at once, I think, that it would be rather unfair, if more capital was put upon a particular manufactory than required, simply because it would stand it?—We never think of applying it in that way. We allow necessity to make the demand. Continual change of machinery necessitating a throwing away of obsolete machinery, possibly runs up our bill in that way.

769. Then, in the event of your throwing out obsolete machinery and putting in newer machinery, to what account do you enter the value of obsolete machinery thrown out?—Profit and loss.

770. Of that year?—Of that year; of that quarter.

771. The whole of it?—Yes.

772. You write it off entirely?—Yes; but as a rule we have been depreciating largely; not less than 10 per cent. in the meantime.

773. 10 per cent. per annum on machinery?—Not less; it may amount to 20 per cent.

774. I notice that the general result of your productive departments in 1891 was less favourable than that of 1890. For instance, there is a slight reduction in the profit of the boot department?—Yes.

775. There is a very large one in the shirt department?—In the shirt department is it not the other way.

776. I think you gave 27·6 per cent. profit in 1890?—It is the other way about. In 1891 it was 27·3 per cent. In 1890 it was 23·4 per cent,

777. You are taking the rate per cent. upon capital?—I was taking the profit and interest together. Is not that the way you calculate these things?

778. I see here you have got the proportion of net profits divided as bonus?—Bonus collected as wages.

779. So that they got less in 1891, although the profit in the establishment was more than they got in 1890?—That comes about from the fact that some of the gentlemen put to me that we have entered into industries (as we have done) that did not exist in former years, and the value of stocks is greater, while the wages take a lower proportion.

780. Then you make the good pay for the bad?—Entirely. I have shown that.

781. Yes, you have, but I do not see how you allocate that badness among the others?—If the shirt factory showed a loss, which it has not done for years, and the cabinet-making also showed a loss, while the printing, bookbinding, and boot and shoe manufacturing, and the tobacco manufacturing and the preserves all showed a profit, it would reduce the amount of the bonus declared, both to the purchaser and the labourer.

782. How do you arrive at those particular figures; do you divide the loss equally among them?—I said yesterday to the Chairman, I think, that we add the transfers as the value of the goods purchased and the wages together, and we divide whatever profit there may be at so much per pound, the purchaser getting his share on the transfers, the labourer getting his share on the wages.

783. On page 6 of your summary, under the head of condition of industries, you refer to the advantageous terms on which this work is obtained, whilst the workers themselves are only a limited number, as compared with the total number of people seeking work. How do you manage to make the selection; you must have considerable difficulty, I think?—It is a matter, I suppose, of experience of the managers of the various

Mr. *Bolton*—continued.

departments, that they know the best people in their various industries and select them.

784. It is done in that way; there is no such thing as favouritism?—Not that we know of as a board.

785. You have no reason to suppose there is?—We would at once express our opinion unfavourably about it if we did know.

786. Those other productive societies which you have mentioned on page 7 (No. 19) in your summary as being additional; are they not included in the 333 members of your Society?—They are, you will find, in our balance sheet. The registered societies were members of our Society, and have votes at our meetings.

787. You have expressed a great wish, and I think a great many people will agree with it, to the desirability of giving the workers a share of the profits, and you have also added that you think it is desirable that they should have a share of the management?—Yes.

788. But there would require to be some person exercising complete control?—The strongest argument that is used against us is that it would destroy discipline. I would say have the same discipline in the workshop where there may be committee-men as there is with other persons. They should have no power beyond their legislative power at the board of management.

789. That still scarcely answers my question. With whom would you leave the ultimate decision in the case of a difference of opinion?—It is scarcely conceivable that there could be much dispute in matters of that kind; but if there were there should be at the outset a scheme drawn up whereby arbitration should settle any dispute.

790. Arbitration between the worker and the proprietor or the Society?—I take it that the Society is the workpeople, and the late employer in one——

791. Only you see you are making a distinction between the worker and the shareholder. Hitherto I think you have excluded the worker from any share in the management?—In the Wholesale, yes. Should a dispute arise between the Society and the workpeople, first of all I expect we should have the matter discussed at the board of management. Failing to come to an understanding, the trade union officials would be appealed to probably. We would not wish them to leave the trade union.

792. That would be simply in reference to wages?—It might be all sorts of things.

793. There might be such a question, for example, as that of the extension of the works?—A difference of opinion on that point would have to be settled by a majority of the board.

794. Or by the proprietor in the case of an individual?—I should not allow him to settle anything; I should not allow him to have arbitrary powers. Mr. George Thomson,* who has given evidence before the Commission here, puts himself down as a common member of the board of management, and allows disputes of the kind that you referred to to be settled by the majority.

* See Minutes of Evidence, Vol. ii., Group C.

Mr. *Bolton*—continued.

795. You spoke of the North British Company in connexion with a man who had been discharged?—Yes.

796. Can you remember the reason given by the North British for discharging that man, or rather, of giving him the option of remaining or of giving up one office or the other?—I can remember the Caledonian Company's case better. It is later.

797. Give us that?—It was the case of a signalman who had been appointed secretary of the local Co-operative Society. Whether by the advice of the local traders or not, we understood it was so, that no public servant such as a railway servant should be allowed to work in the interests of the co-operation. I understand that this man was told distinctly by his superior that he must either leave the service of the company or leave the Co-operative Society. He put himself into communication with us, and we at once appealed to Mr. Thompson* by letter, and after some correspondence we received a letter that the matter would not go no further in the meantime.

798. You said just now that the opposition of the Railway Company was directed exclusively to co-operative societies?—I did not say so.

799. You did not mean that?—I did notsay so.

800. I thought you said so?—I was asked the question, did I know any opposition that had been shown us. I said yes; but I do not believe that the company as a company did it. The traders had set up the superior of this man against him, I suppose.

801. In that case the man retained his position?—Yes. In the case of the North British, he left.

802. Can you tell us the reason why the North British Company did not adopt the same course or what reason they gave?—They would have been perfectly willing to have adopted the same course, but they were rather late. By this time the man had been put on his notice to leave, and the Co-operative Society, feeling it was meant as a punishment to themselves as well as to the man, appointed him permanent secretary to the Society, and thus relieved the Company of the necessity of discharging him.

803. You have given us an account of the sick allowance made under certain circumstances. Could you tell us to what account those allowances are charged?— They are charged to each department as expenses in which they occur.

Mr. *Ismay.*

804. In answer to Mr. Bolton you said that you wrote off 10 per cent. depreciation on your machinery?—Yes.

805. On what value do you take it?—The nominal value.

806. The reduced value?—The reduced value. the nominal value.

807. The book value?—Yes, the book value. Excuse me if I say not less than 10 per cent., I

* Evidence respecting the Caledonian Company was given before Committee B. by Mr. James Tompson. See Minutes of Evidence, Vol. iii., Group B.

Mr. *Ismay*—continued.

qualify it by that. We make it more, and as much more as we like, but not less.

808. If you find any section of the business becomes unprofitable, do you give it up?—We have never had that experience. We have been successful all along the line.

809. And you are careful before you enter into any particular business to ascertain if it is likely to be profitable, I take it?—I do not know that we have been particularly careful. What we have ever kept before us and I would lay emphasis on this point, is that whenever we require to sell the goods of the stores we thought it was our duty to produce them, and it gives us an opportunity of putting on another set of *employés* on a better set of conditions

810. And you hope to explain that?—We do.

811. Not altogether looking to profit to begin with?—It does not form the first of our thoughts, I believe.

812. Then in answer to Mr. Mann I think you gave a case of paying a man 3*l.* a week. I was not quite clear as to whether you thought a man getting a wage of 3*l.* a week, or a man earning it partly in wage and partly in profit-sharing would value the results most?—I think the intelligent man who received the same amount of money, a portion of it being profits.

813. You think that where there is some little uncertainty, or some little inducement that the man values it more?—I think so. That feeling might not go all round, but I think an intelligent man would.

814. As a rule in these co-operative associations you get the best of the men, do not you, the best of the workmen, as a rule?—I think so.

815. Your experience is chiefly on that side?—Which side.

816. The side of the best type of men?—Yes, I should say that all over the country we do get the best type of men, I think so.

817. The fact of the man being in your Association shows he is a good man?—I think so. The good conditions under which they work, and the fact that they share in the profits, and the knowledge that they can have any grievance or supposed grievance rectified has, I think, some effect upon them.

818. How are you going to reach the other class?—Which one, up or down.

819. Down, they are more important at present?—It is a very difficult question, and I have not a very strong opinion that co-operation possibly could reach the dregs of society. We could help them, I believe, but it will require other organisations than co-operation, I believe, to take hold of the very dregs of society. I confess that.

820. You do not see your way to doing it?—I think not. We might, I think, open shops whereby they could get goods at nearly cost price, and where we could put the profits to a fund where they would be the property of the purchaser, instead of dealing with them as dividend, like the retail societies throughout the country. But the more I go into the question the more disheartened I get, because of the migratory habits of the people, and their habits generally.

Mr. *Ismay*—continued.

821. Would you give them credit as the smaller tradesmen do?—No, not a penny. We do not believe in credit.

822. Then that would be a barrier in the way of reaching that particular class?—I do not know that. In Edinburgh and Glasgow, where there is as much poverty perhaps in proportion to any other place, credit is not given.

823. You have got the thrifty Scotch character against that?—We have got more Irishmen than Scotchmen amongst the poor people. I find there the small traders do not and would not give credit to such people. That is the only hope I would have of co-operative stores succeeding.

824. That is in compelling them to pay cash at the time?—Yes, the fact that they have to pay cash, they buying such small quantities.

Mr. *Dale.*

825. Does the formal or written constitution of your Society, or of any other important Scotch productive society, contain any declaration of its objects?—Very briefly.

826. Can you refer me to something in the nature of a preamble to an Act of Parliament?—Yes, exactly. In most of the retail societies they make a strong point of elevating the social and moral conditions of the people, and ultimately securing real property for them, such as their own houses. They make a point of that in their preamble. The object of the Wholesale Society as set forth are as follows:—"The "object of the Society is to carry on the "business of wholesale general dealers and "manufacturers, and also the business of bank-"ing. The Society may advance money to "members on the security of real or personal "property."

827. That is rather more like the articles of association of a limited company, but I meant was there any prefix to the rules, such as "whereas it is desirable to do so and so," or declaring that the objects of this Association are of such and such a character?—Yes, in many of them there are. In the Rochdale Pioneers Association they went into a very lengthened discussion on this matter; on the objects of the Association.

828. Is there anything that brings out, I mean rather distinctly the difference between seeking by distributive co-operation to place the necessaries of life of good quality, at the disposal of the working classes, and at a low price, and its being designed to unite in common membership the producers as such?—The latter portion is seldom spoken of. In one or two cases I know they say that they hope that this will lead up to the employment of the members themselves in their own interest, that is, and in most of the societies it is as you have stated; they express the hope that they will raise the people morally and bind them together in a common brotherhood.

Mr. *Dale*—continued.

829. But the earlier written constitutions rather point to what I have described as the advantages of distribution?—The earlier societies all do.

830. And perhaps the later ones have not distinctly affirmed in their constitution any further object have they?—I do not think they have.

831. The ideal system of productive industry to which you are looking and which you think may perhaps arrive earlier than is generally anticipated, is that of the producers being themselves the shareholders and finding the capital?—That is my highest ideal.

832. And taking as the reward of their industry the resulting profit?—Exactly.

833. Which profit, of course, would be larger because there would be no wages charged at all?—Yes.

834. What do you find to be the practical difficulties in the way of adopting such a system?—Want of confidence in each other is, I think, at the root of most of it, and the want of a business training.

835. There are two difficulties one could foresee; the one the doubt whether the industry was going to result in a profit that would adequately reward the worker, and the other is the possible necessity for some savings upon which he could live pending the distribution of profits?—Yes, but I think that could be overcome. I think the want of confidence in each other, and the terrible prejudices of the buying class is against that form of production. We can make no headway against the buying classes at the present time. Merchants will scarcely look at our productions and are prejudiced against all associated effort of that kind. Those businesses which have been running on the individual lines and have been transferred to associated effort, have suffered in consequence.

836. But if you were carrying on businesses of which the principal purchasers would be the industrial classes themselves, would you have any actual hindrance to finding a market because the business was carried on on the lines you describe?—Not so much. That is what we are doing in the Wholesale, but there we deal with the shareholders. What we would like to do would be to produce for people outside.

837. You have not attempted yourselves to adopt that ideal form, have you, which you hope to see adopted?—In a very small way, and with only partial success.

838. What hindered complete success?—The opposition of those individuals who have the purchasing power at present.

839. What influenced them?—The fear of upsetting the old institutions, and the distribution of wealth and power possibly among the workers, I should think. I know in many cases accounts have been closed because the business was known to be a profit-sharing concern.

840. Your customers' dealings are almost exclusively with each other, are not they?—We have no difficulty at all.

Mr. *Dale*—continued.

841. But you have not as yet seen your way to substitute for your present system (which is that of your own wholesale productive department paying the trades union rate of wages supplemented by a per-centage on the wages if there is a little profit), the ideal system of there being no wages, but merely a division of the resulting profits?—I have not seen my way, nor have any of those who work with me seen it, and I am afraid the present moment is not an opportune one for such a change.

842. But the difficulty has not been the objection of the purchaser there?—No, it has not been that.

843. What has been your difficulty there then?—The difficulty is that we are experimenting. We have been five years or six years in production, and the difficulty would be the change and the continual coming and going of workpeople from one system to another. The thing would require to be solidified before such a thing would take place, which I believe in time might take place, and then I might also add I am not sure that I speak the mind of all the people who are interested while I am giving my opinion here to-day on that particular point.

844. Would you anticipate, if you were seeking to make such a change, hesitation on the part of the workers on the ground that they might not get as the result of carrying on the business a profit?—At present I am sure we would have that as a very great difficulty.

845. You said you did not think there would be much difficulty in the way of what might be called subsistence?—No, I do not think so with co-operative workpeople who have been co-operators for some time They would not do so. I gave a case of quarrymen who worked for eight weeks without wages waiting on the result of their labour and being able to subsist and sell their products and divide the result. During that eight weeks I do not think they received one penny.

846. As the result of all those operations, has there been a loss incurred in any year?—In one or two districts, but not with the Society.

847. Not with the Society as a whole?—No.

848. If there were a loss in any year as the total result of the Society's operations, would that loss be treated as a reduction of profit in future years for the purpose of distribution?—It might be by a resolution written off the reserve fund, and very likely it would be. We have a very large amount set to reserve fund.

Mr. *Tom Mann.*

849. Would you kindly state the amount of the reserve fund?—I think it is 60,000*l.* or 70,000*l.*

Mr. *Mundella.*

850. Is that reserve fund invested?—It is in the business.

Mr. *Mundella*—continued.

851. The total amount of capital you employed in 1890, I see, is about 2,300,000*l.*, is not it?—The total money we had in the business was only about between 600,000*l.* and 700,000*l.*, and the total business we did was 2,800,000*l.*

852. I see in your summary, speaking of the Co-operative Wholesale Society, you say that the capital is 2,300,000*l.*?—That is of the societies in the country.

853. Yes, and there was about a million in loans. Do you receive loans yourselves in your Wholesale Society?—Yes.

854. On what terms do you receive them?—On a graded system of 4½ per cent. at 12 months, 4 per cent. at 6 months, and 3½ per cent. at call.

855. What proportion of your loan is on call?—A very small proportion; most of our capital is at 12 months.

856. I see it is stated here that the sales for 1890, that is of the Scottish Society generally, the whole Society are stated to be 8,000,000*l.*, about?—That is the total sales in the distributive societies in Scotland.

857. And the profits are 830,000*l.*, which is about 10¼ per cent; that is so, is not it?—Yes.

858. That is after paying all expenses of management, is not it?—Yes.

859. And all interest on capital?—Yes.

860. Do you reckon your profits as a first charge upon the shareholders' capital?—After meeting all charges.

861. Then what amount do you assign or what amount do you put aside for the 5 per cent.?—We make a calculation of nearly 5 per cent. It comes on an average, I think, to about 4 and fully ½ per cent. for our capital.

862. That is including both loan and share capital?—Yes.

863. Then in your productive departments for depreciation of machinery, you also add to the cost a certain amount of interest for capital. Supposing you are costing an article in any of your departments, you would not only add to the cost of the material and workmanship and wages and management, rent, taxes, and so on, but you also would add, would you not, interest upon capital?—Yes.

864. On all your manufactures?—Yes, no costing would be complete without it.

865. I see that your own productive return amounted to 150,000*l.* last year?—Yes.

866. But what were the gross total returns?—That is given, I think, in that statement of mine.

867. What do you say they were in the wholesale department?—Do you take the productive department only?

868. No, I am taking the whole?—Taking the whole, the divisible profit runs to about 89,000*l.*

869. I am not asking you about the profit; I ask what are the total sales of your wholesale department?—We sell everything we make and we purchase the rest.

Mr. *Mundella*—continued.

870. Exactly. What is the total you purchase and what is the amount which you make?—If you get what we made, the remainder would be the amount bought.

871. What is the total?—2,800,000*l.*

872. You hold 2,800,000*l.* worth, and the total amount of manufactured stock is 150,000*l.*?—That is it.

873. So that practically you bought 2,650,000*l.* out of the total sales?—Do you speak of the value of the goods after our charges are put on them?

874. Yes?—It must be clearly understood that the great majority of our sales is made up of groceries, which is largely a foreign produce. Our drapery comes next, which would be about 400,000*l.* a year, and that also largely is a foreign produce. Dressed goods we buy largely at Roubaix in France and Rheims.

875. Those are light woollens?—Yes, and cashmeres.

876. Do you buy articles in Glasgow?—Yes.

877. Surely the bulk of your dressed goods would be English after all?—I cannot give the proportion of the various towns we get from, that would be a difficult matter.

878. No, but the whole of your men's clothing would be English manufacture?—Entirely, but the other is made up largely with American and Danish produce.

879. The fact is, that the bulk of your sales by far the larger proportion is food products?—Yes.

880. Can you now give us any idea what proportion is food products and what proportion is clothes?—Yes. In the balance sheets you received yesterday you will find them all tabulated; you will find the grocery department and the drapery department given separately, and you will find on page 8 of the distributive department, that they are all there and you will find the products immediately below.

881. Over a million you mean?—I am speaking of a quarter's transactions; 13 weeks' transactions that is. You will find the total sales for Glasgow is 378,482*l.*; for Leith, 173,705*l.*; and so on with Dundee and Kilmarnock. There is a little over half a million in foods.

882. I find on looking at your summary, page 8, Trade Account No. 7, that it is stated there that the Glasgow sale in total is 483,000*l.*?—The nett sales you will find in the next column is the information you desire.

883. 378,000*l.*?—That is so.

884. And Leith 173,000*l.*, and so on?—That is so.

885. Then it returns quite 32,000*l.* sold?—No, the nett sales are 757,000*l.* That is the total. You see in the column you are reading from you include our present stock, if you go to that column where it says "sales," you will find the business for the quarter.

886, The total of the business for the quarter is 757,000*l.*?—Exactly.

887. Now of that 757,000*l.*, the grocery department returns what?—About 500,000*l.*

Mr. *Mundella*—continued.

888. More than that?—A little more than that.

889. More than 600,000*l.*?—About 600,000*l.*; 580,000*l.* it is.

890. So that nearly three-fourths of your sales, therefore, are for provisions?—That is so.

891. That is what I want to get at. Now you made a statement, in answer to Mr. Dale, to the effect that you do not sell your manufactured goods outside because merchants will scarcely look at your products; is that so?—That is so.

892. Do you say that you can offer an article manufactured in any of your districts on as good, or a little better, terms than other manufacturers, and that the merchants then will not look at your goods?—That has been our experience, and not only the experience of myself personally, but the experience of all those who have started productive co-operation. Having centred their efforts in the co-operative movement, and that being a given quantity it has caused a very serious difficulty to arise for them to get a share of the trade of the movement.

893. You do not think it is because your prices are higher or your goods are not so well adapted for the merchant's sale as those produced by the outside manufacturer, do you?—No, we have exhibited publicly in the Glasgow Exhibition possibly one of the finest exhibits, and it is admitted to be so by the trades generally; but still that did not bring us any outside trade.

894. Yes; but did you exhibit that with a view to sell to the retail dealer or to a merchant?—No; but in the efforts that have been made in that way we have been unsuccessful in our productive societies keeping in mind that the Wholesale has made no effort in this way; but the time is coming when I believe that effort will be made.

895. But there are large export merchants in Glasgow to every market in the world?—Yes.

896. And do you think that those export merchants would be unwilling to buy of you because your goods are produced by co-operative effort?—If you refer to the Glasgow merchants, I am afraid they would; I have not tested it, but where it has been tested we have been unfavourably received. Where employers of labour have made their concern into a profit-sharing concern they have suffered in consequence, I understand.

897. You do very little then in competition in the open market; you sell nearly all your products through your co-operative stores?—The Wholesale almost entirely; but the productive societies do try the open market and do a little business. There is a depôt in London here for the sale of them, I think.

898. You gave us one illustration of your having taken a contract. Was that from the city of Glasgow?—It was.

899. You contracted against all comers in the open market?—Yes.

900. And the contract was given to you because your prices were the lowest?—I do not know what was the reason; I expect so; but I do not think they bound themselves to take the lowest offer. I am not sufficiently informed to give an answer so as to say they took the lowest offer, but we got the contract.

901. At any rate your tender on the whole must have been the most satisfactory, otherwise the municipality would not have given you the order, is not that so?—Yes, I should think that was fair.

902. Did you make a profit out of that contract?—Yes, a small profit.

903. You were satisfied with that profit?—Yes, and I could give you the amount. The cloth, I may tell you, was made by co-operative effort as well as the making of the garments.

904. Then I may take it from you that generally the co-operative product has not been much in competition with the open market up to the present time?—It depends upon what much means.

905. You gave us one illustration of one sale; but as a rule co-operative production has not come into competition with the open market, is that so?—It has not come into competition with the open market in very large volume, I grant you, simply because the efforts have been generally choked off at birth.

906. You were asked a question, I think it was by Mr. Mann, as to the hours per week your people were employed, and you gave an average, I think, at 48?—Yes, I qualified it by saying about 48 or 49, I think.

907. Now, were the hours then given the hours in the distributive stores or in the productive department?—I was speaking entirely to Mr. Mann of the productive department of the various industries at Shield Hall. I also answered the question regarding the distributive concerns throughout the country.

908. Are your hours in the productive department shorter than those of ordinary manufacturers?—Yes, in some cases.

909. You speak, for instance, of the hosiery hours as being very short, 44 per week?—Hosiery, shirtmaking, and clothing—all the women's trades.

910. Are those steam-power factories, or only hand looms?—They are sewing machines driven by power.

911. But not for the hosiery?—Yes, for the hosiery too. We do all by machinery in the hosiery.

912. Yes, but not by sewing machines, they are knitting machines?—They are knitting machines in the hosiery, but not in the shirts and tailoring.

913. In those departments then to which you refer you are only entitled to work factory hours, 56½ per week, and you only work 44?—In the shirtmaking and tailoring departments they have no hours scarcely in the city. Where ready-made goods are made they are on at all hours. We granted them this liberty because we wished to make the department show better, and to give a better condition of employment to the people.

Mr. *Mundella*—continued.

914. But you work under the Factory Act?—Yes, we do; but we are working on higher conditions than the Factory Act imposes.

915. You work under the Factory Act?—We do.

916. But you do not work the hours permitted by the Factory Act?—No, we do not.

917. Do you employ half-timers in all of your departments?—No, not one.

918. Now you were asked some questions about the wages and definitions of wages, and the answer was that the man got as wages all he was entitled to less the management expenses, but, of course, you at first assign interest on capital?—Yes.

919. That you consider part of the expense of manufacturing?—Yes.

920. And you would not dream, I suppose, of giving the whole of the wages without first assigning to capital its due share?—That is right.

921. May I ask whether you regard co-operators as a rule as the most thrifty and intelligent of the working men?—I have not the slightest doubt on that point.

922. And you think there is a future for productive co-operation?—An immense future in its various phases.

Mr. *Jesse Collings.*

923. With reference to those five farms of which you have spoken, have you the freehold of those farms?—No, they are rented.

924. On what tenure have you got them?—Five years' lease.

925. You have not given a balance-sheet, I think, have you?—We have only two years' results.

926. In reply to Mr. Bolton you stated you had overcome the difficulties and prejudices in connexion with the farm; what sort of difficulties and prejudices do you refer to?—I am not aware that I spoke of difficulties and prejudices.

Mr. *Bolton.*

927. I think you said yesterday, not to me, but in answer to the Chairman, that you had difficulties and prejudices to overcome?—On going into the farms?

928. Yes?—I referred yesterday to the difficulties and prejudices our own people had on going into an unknown land of commerce.

929. Was there any objection on the part of the landlords?—No, none; we have been very cordially received.

Mr. *Jesse Collings.*

930. Are the labourers employed on the farms shareholders, do you say?—They may be, but not necessarily.

931. And do you pay them the ordinary rate of wages which obtains in the neighbourhood?—We do.

932. And what hours of labour do they work, do you remember?—The ordinary hours of labour that they are expected to work in that district.

933. Did I rightly understand you, in a reply to Mr. Mann, to say that you were in favour of the municipalities undertaking similar duties to that carried out by your Society?—I am quite willing that municipalities should undertake any business for the good of the community, so long as they do not come into conflict with any existing concern that is running on popular lines, such as I have been describing this morning.

934. Then, do I understand you to say that you are in favour of municipalities starting municipal workshops of various kinds?—I am not opposed to it, so long as they do not come into conflict with productive societies already in existence.

935. But if they came into conflict with the general body of private tradesmen you would?—If the results were better for the people, I should sink differences, and go in for municipalisation.

936. Are you in favour of the principle?—I am.

937. And you have no objection to the municipal authorities undertaking these duties, both manufacturing and distributing of the same kind as your Society does?—No, except it is not well done at present, I think it would be better really in the hands of the people.

938. You do not advocate it?—No, I do not advocate it, but there are many things which we never touch, that the municipalities could do very much better.

Mr. *Tait.*

939. Is it a fact that you are precluded from putting your co-operative goods in the open market by the rules of the Wholesale Society?—The Wholesale Society has not a rule precluding us from going out, but the custom has been to keep all our efforts in the movement.

940. Therefore a man has generally to be a member of the Society before he purchases anything from you?—That is so.

The witness withdrew.

Mr. JOSEPH GREENWOOD called and examined.

Sir *Michael Hicks-Beach.*

941. Mr. Greenwood, what is your position in the co-operative movement?—I am manager of the Hebden Bridge Fustian Manufacturing operative Society, and have occupied that position since its commencement in 1870 (*handing in last Report and Balance Sheet; see Appendix* XXII.) I am also a member of the Central Executive Board of the Co-operative Union (*for Rules of the Co-operative Union, see Appendix* CXLIV.)

Sir *Michael Hicks-Beach*—continued.

and in that capacity appear as one of its witnesses to give evidence on co-operative production.

942. On what particular phase of co-operative action do you propose to give evidence?—My evidence will deal mainly with co-operative production as carried on by societies specially formed for the purpose of taking up particular industries in order to improve the condition of the workers in those industries.

Sir *Michael Hicks-Beach*—continued.

943. And how do you define co-operative production?—I define co-operative production to mean the carrying-on of any industry in the interests more particularly of the workers who are employed therein, so as to obtain for them a larger share of the results arising from their labours, and to give them a more direct interest in their work. This has been attempted in various ways by many societies. Unfortunately, many of these attempts have proved failures, but still there are many successful examples to which we can point as likely, from their prosperity, to form a basis upon which to build a solid co-operative success from a labour point of view.

944. You consider that there are conflicting interests at present?—Yes.

945. That is between capitalists and labour?—Yes.

946. And what is your remedy for that state of conflicting interests?—Our point of view is this: the frequent struggles between the capitalist and labourer are due in a great measure to the conflicting interests which under present industrial methods exist between the two bodies. We believe that there can be no quarrel between capital and labour as such, because each is necessary to make the other remunerative; but we also believe that there must always be an amount of friction between the capitalist, who is also an employer, and the labourer, who has nothing but his labour to sell—because their interests are diametrically opposed—each endeavouring to secure the greatest advantage from the other.

947. But what is your remedy?—We propose to substitute for this system of opposing interests either one of identity of interest by uniting the worker and the capitalist in one person, as may be done by the workers in the different industries providing the capital necessary to employ themselves, or otherwise eliminating altogether the employing capitalist, and for the worker to hire from the capitalists the capital necessary to employ himself and pay interest on wages for the use of the same. In either case a substantial proportion of the resulting profit would fall to the lot of the worker, to be divided in proportion to the value of his work.

948. There were some societies, I think, started for co-operative production as far back as the beginning of the present century, were there not?—Yes, there were four, in about 1829. One at Birkacre, in Lancashire, one at Huddersfield, one at Kendal, and one at Loughborough. The society started at Birkacre, Lancashire, consisted of 3,000 members, owning 4,000*l.* of capital, and employing 150 persons in the manufacture of silk, calico printing, &c. The first Huddersfield society was established in 1829, and had a capital of 300*l.*; number of members 150. It employed 10 persons in the manufacture of woollen cloth, valensias, &c. The Kendal society, also established in 1829, had 135 members and a capital of 453*l.* It gave employment to nine persons, who manufactured shoes, linen goods, &c. Loughborough society was formed by 60 members in 1829, and had a capital of 400*l.* It had several *employés* engaged in the hosiery trade.

Sir *Michael Hicks-Beach*—continued.

949. They are all small, and none of them are now in existence?—They were formed by men who hoped to become their own employers, but the societies never got beyond employing a small fraction of their members.

950. And they do not exist now?—They do not exist now.

951. Then the Christian Socialists attempted it?—The next step in co-operative production was taken in the metropolis, about the year 1850, by the Christian Socialists, who formed various associations of producers, and endeavoured to connect them with associations of consumers. A union of working men's associations was formed, the constitution and objects of which are set forth in the appendix to this evidence (*see Appendix* XXIII.). This was followed, in 1851, by the formation of a Co-operative Agency in London, whose objects are also set forth in the appendix (*see Appendix* XXIV.). This agency was also the outcome of the Christian Socialist movement, led by such men as Maurice, Kingsley, Ludlow, Neale, and Hughes, to whose activity in forming ideas the present co-operative movement owes so much. It will be noticed that this agency was a mixed body, intended to promote distribution as well as production; but its main object appears to have been to promote a ready sale of the productions of the Working Men's Productive Associations. I submit in the appendix (*see Appendix* XXV.) a list of societies which are known to have been in existence in 1851.

952. You state that the capital employed in the London Working Men's Association amounted to 13,560*l.* in 1852, of which Mr. Vansittart Neale and other gentlemen advanced 13,086*l.*, so that only 474*l.* was actually subscribed by the working men themselves?—That is so.

953. And such provincial societies as existed then outside London were self-supporting?—Just so. I am unable, from the records which exist, to ascertain the exact methods observed by these societies in remunerating their workers, but there can be no doubt that they looked to the profits of the industries carried on as the means of improving the condition of the workers. In 1852 a new constitution of the Society for Promoting Working Men's Associations was agreed to. Full particulars of this re-organisation will be found in the appendix (*see Appendix* XXVI.).

954. Now at the present time there are 88 independent productive societies in England, are there not?—Yes, there are.

955. You give a list of them in the appendix?—The following is a summary of the whole. The number of members are 8,081. There was a loan capital of 235,244*l.*, a reserve fund at the end of 1891, of 18,979*l.* Value of saleable stock at the end of 1891, 141,703*l.*; value of land, buildings, and fixed stock at the end of 1891, 100,829*l.*; goods sold during 1891, 594,594*l.*; and profits for 1891, 25,214*l.*; loss for 1891, 484*l.* Then comes "profits how divided," amount paid to capital 8,213, to labour 3,450*l.*, to purchasers, 3,713*l.* These returns unfortunately are far from complete, but they are the best I have been able to obtain (*see Appendix* XXVII.).

Sir *Michael Hicks-Beach*—continued.

956. Now the societies, I understand, vary in their constitution?—Yes.

957. Can you inform us in what particular?—Yes. The independent productive societies may be divided under three heads, viz., (*a*) Production as carried on by societies composed of working men employing themselves in their own industries, and based upon the principle of elevating the workers in each industry by the results of their own work; the workers subscribing all their own capital, managing their own affairs amongst themselves, and taking all the profit to themselves either as dividend on their wages or on their capital.

958. That you call class (*a*)?—Yes, and as to class (*b*) I say—(*b*) Production as carried on by societies of workers who are assisted by capital from other co-operative societies and outside friends. In these cases the method of dividing the profits varies, the customer taking a share along with the worker, (*c*) Productive societies, as started and carried on in the first instance by private manufacturers, such as Messrs. W. Thomson and Sons, of Huddersfield, of which society Mr. George Thomson* has already given evidence before this Commission.

959. Are there many societies under class (*a*)?—There are very few societies under class (*a*), that is, where the workers find, or become responsible for, all the capital. Indeed it is difficult to draw the line of distinction between the two classes, but the following societies may be said to approach as near as possible to the conditions above stated:—One weaving, Nelson Self-help; four boot and shoe societies, namely, Finedon, Northamptonshire Productive, Raunds, and Tingdene; two nail-makers, namely, Bromsgrove Nail Forgers and Dudley Nail Manufacturing; and lastly, one building society, Brighton Artisans. Some figures relating to these societies for the year 1891 (the last year for which returns have been made) will be found in the appendix (*see Appendix* XXVIII.).

960. Let me ask you with regard to the Northampton Productive Society which is referred to in your statement at the bottom of page 4 in your summary (*see Appendix* XXX.). What is the total profit from trade for the last 10 years?—The total profit from trade (after allowing for interest on share capital and loan capital) for the last 10 years (1882–91) has been 3,443*l.* Taking the profit for one year, 1891, we find that it averages 2*s.* 8*d.* in 1*l.* on wages paid, which is a gain of over 25 per cent. all round; that is, taking both members and non-members. The wages paid for all kinds of labour by the co-operative societies, irrespective of profits, are slightly higher than those paid by most of the private firms in the district. The workers all agree that it would be a calamity to have to go back to the old system. (*See Appendix* XXIX.)

961. What have you to tell us with reference to societies in class (*b.*)?—In dealing with the societies classed under (*b*) I have thought it best to sketch the progress of one or two particular societies, and have then summarised the remainder. Full particulars and summary will be found in the appendix (*see Appendices* XXXI., XXXII., XXXIII., *and* XXXIV.). With your permission I will proceed to give an outline of the progress of the Hebden Bridge Fustian Manufacturing Society.

962. Tell us about the Hebden Bridge Society of which you are manager and one of the founders. You are now the manager, is not that so?—Yes, that is so. With your permission I will proceed to give an outline of the progress of the Hebden Bridge Fustian Manufacturing Society, of which I was one of the founders, and have occupied the position of manager since its formation in 1870:—The origin of this Society was of a tragical character. At a Hebden workshop there was employed an old man who was over 70 years of age, and who was unable to carry his own piece of cloth, although still able to do the cutting. At the particular factory where we were working it was the custom for each to carry his own piece of cloth from one part of the works to another, about a quarter of a mile away; and we had an understanding among us that we would carry the cloth for the old man. We did this in turn, but on one occasion a dispute arose between two persons as to whose turn it was to carry the cloth. During the dispute the old man went off for his load of work, and after he had brought it in he sat down and died. We gathered round him. There was not another word of anger spoken, nor of recrimination. The old man had a wife, but no children. We were under the necessity of making a subscription to pay the funeral expenses, and after the funeral was over we began to talk about forming a sort of friendly society to meet circumstances of this kind. About 30 of the workpeople began to save 3*d.* each per week, with a determination to use the accumulated funds to set up a fustian cutting and dyeing works; and no one was to be a member unless actually engaged in the trade. The rules were registered under the Industrial Societies Act, on September 1st, 1870; and by resolution of the members the objects of the Society were set forth to be "to find employ-" ment for its members by the manufacture and " sale of fustians; and it shall, by contributions " (of money, labour, and profits), accumulate " 1,000*l.* for that purpose. The Society will " aim at the regulation of wages and labour in " this branch of trade, but it will not enter " arbitrarily into any dispute between masters " and workmen. Still it will practically educate " its members in the causes which operate for " and against them in their daily employment, " and in the principles that will tend to their " elevation and improvement." A small room, 10 feet by 10, was rented. A few pieces were bought and given members to cut. The cost of the cutting was added to the share account of the cutter. The co-operative stores were canvassed for orders, and a few small ones were obtained. All the office, warehouse, or other work of any kind except the cutting, was "done

* See Minutes of Evidence, Vol. ii., Group C.

Sir *Michael Hicks-Beach*—continued.

for love." At the end of 1870, the Society had 95 members, 83*l.* of capital, 55*l.* of sales, and a profit of 3*l.* In canvassing the societies, it was discovered that there was very little trade for piece goods, but a large trade for ready-made clothing. It was therefore determined to add this branch of trade to the fustian cutting. A sewing-machine was bought, a tailor cutter was engaged, and work was given out to be made up by the members at home. In June 1871, the increase of business caused the Society to take larger premises at a rent of 13*l.* per annum; and, to prevent delay, the fustian cutting was done at the works instead of at the houses of the operatives. In December 1871, the first bonus to labour at the rate of 1*s.* in the 1*l.* of wages was declared, and this rate was again declared for the following half year. In July 1873, the rate of interest to share capital was limited to 7½ per cent. per annum. In 1877 the share list was closed to individuals, but left open to co-operative societies, and withdrawable shares were for the first time issued to the workpeople. These withdrawable shares were issued to enable the Society to pay out members who had acquired shares by the labour rule, and to prevent them becoming troublesome as private shareholders.

963. What do you mean by preventing them becoming troublesome as private shareholders?—The workers who had acquired these shares when going away from the Society's employ sold their shares to private individuals at a large premium. In some instances a 1*l.* share was sold for as high as 50*s.*

964. So that outside purchasers who were not employed by the Association or who were not workers at all in the Association in that way became shareholders?—Yes.

965. And you wanted to stop that?—No, we did not want to stop them becoming shareholders as workers, but simply as workers leaving the employment of the Society and then selling the shares to the outside public.

966. You wanted to prevent the outside public becoming shareholders?—Yes, that is so. Mr. Neale, who always gave his able assistance, drew up this provision for us, and afterwards also another in the form of an agreement, which, however, is not embodied in our rules, by which we could allow workers' savings to be added to shares. And I might say here that I have this agreement with me and a copy of it can be taken if you think right, and the original sent back because it has the names of the workers attached to it. This is the agreement (*see Appendix* XXXV.). I have also a copy of the rules as well if you like to have them (*see Appendix* XXXVI.).

967. That is this agreement you have handed in?—Yes. Mr. Neale drew up the provision by which we could allow workers' savings to be added to shares but to repay and cancel these shares when the workers left the employ of the Society. The rules were subsequently altered, and an effort was also made to repeal the rule giving "bonus to labour"; but this effort, after

Sir *Michael Hicks-Beach*—continued.

causing great excitement and dissension, was defeated. In 1885 it was decided to issue no more shares bearing interest at 7½ per cent., but to issue B shares bearing interest at 5 per cent.; and, after repeated attempts which had ended in failure, in January 1890, the interest on all shares was reduced to a uniform 5 per cent. The steady increase of trade made the hired premises too small for the requirements of the Society, and in 1873, by the aid of a loan from the Wholesale, it was decided to purchase the Nutclough estate for 5,650*l.* A further expenditure for alterations and machinery was incurred of 3,514*l.* There was a stream of good, soft water, a little four-storied mill, a good waterfall, engine and boiler, a good residence, and about four acres of land. Dyeing and finishing were now added to the other departments of the Society, and the custom of private merchants had to be solicited. The trade of the merchants was not quite so difficult to get as had been our other trade. Up to taking Nutclough, the Society had a trade connexion with 130 societies, and were employing 24 persons. In 1874, after they had got into the new premises, they were employing 36 women and 18 men, making a total of 54. With the exception of the excitement when the bonus principle was threatened, and the friction created by the interest on shares question, the Society has had a steadily prosperous, but otherwise uneventful career. In 1886 weaving was added to the other departments so that, with the exception of spinning, the Society performs on its own premises all the operations of manufacturing until a suit of fustian is ready to be worn by the individual co-operator. The statistics of the Society in December 1891, were?—Share capital, 22,899*l.*, of which 266 co-operative societies owned 9,644*l.*, 274 workers owned 5,593*l.*, and 192 other individuals, including past workers, owned 7,662*l.*

968. Then a good deal of your capital is getting into other hands, is it not?—No, it is not getting into other hands. It is getting more in proportion as we increase the departments into the hands of the workers than it was in the beginning of its history.

969. But 274 workers at present own 5,593*l.* and 192 individuals who are not at present workers, own 7,662*l.*?—Yes, that is so. But the relative proportion if taken at an early stage of the history of this Society would show the individuals greater than at present. The sales for the year ending December 1891 were 8,410*l.* to private firms (which sum consists rather of charges for work done in the dyeing and finishing department than for finished goods sold), and 31,768*l.* to co-operative societies, making a total of 40,178*l.* The loan capital amounted to 8,979*l.*, for which 3¾ per cent. interest is paid, and of which the workers held 873*l.* The profits for the year ending December 1891 amounted to 3,723*l.*, after paying interest on loans, and allowing for depreciation the sum of 840*l.* This profit was divided as follows;

Sir *Michael Hicks-Beach*—continued.

To shareholders, at the rate of 5 per cent per annum, 1,111*l.*; to customers on their purchases, at the rate of 10½*d.* in the 1*l.*, 1,277*l.*; to labour, at the rate of 10½*d.* in the 1*l.* on wages, 527*l.*; to the educational fund, 60*l.*; to the reserve fund, 400*l.*; to the insurance fund, 300*l.*, and carried forward, 27*l.* Neither purchasers nor workers can withdraw their profits until they have 20*l.* share capital in the Society. No *employé* is allowed to be on the Committee of the Society.

970. Whether he is a shareholder or not. Is that so?—All workers are shareholders after a first declaration of profit.

971. Then he is not represented at all?—No, except by voting at the general meeting. Out of 44 half years, bonus to labour has been paid 36 times. The omissions were in the first two half years, in the June half of 1877, in the two halves of 1878, in the December half of 1879, in the June half of 1881, and in the December half of 1884. Twice the bonus has been at the rate of 3*d.* in the 1*l.*, 15 times at 6*d.*, 16 times at 9*d.*, and three times at 1*s* The interest on share capital has always been met out of each half year's profits.

972. Then you pay the interest before you begin to divide profits?—No.

973. Are you sure?—We count interest in the profits on shares. We pay interest on loan before we begin to divide profits.

974. But you say the interest on share capital has always been made out of each half year's profits, whereas in certain years you have not divided any bonus at all?—Yes, we have always counted interest on capital as a first charge. I have a copy of the balance sheet here of the last year if you wish to take it and put it in (*see Appendix* XXII.). I submit further particulars with regard to the growth of this Society (*see Appendices* XXXVII., XXXVIII., XXXIX., *and* XL.).

975. We will put in the balance sheet as an appendix (*see Appendix* XXII.)?—It will be found by Appendices XXXVII. and XXXVIII. that the Society has done a total trade of 440,226*l.*, and made profits amounting to 37,930*l.* Appendix XXXIX. gives the amount of profit paid to labour, the shares taken up, the withdrawals made, and the amount standing to the credit of the workers at the end of each half year. Appendix XL. shows the dates of entering the employment of the Society and the total wages paid since, including holidays and lost time through sickness or other causes, to 27 fair average representative workers from each of our departments; the amount of profit earned, the amount invested, the amount withdrawn, and the amount standing to the credit of each at the end of 1891. The table also shows the average wages paid in each department.

976. Now how do those average wages compare with the average wages paid by corresponding employers in the district?—We pay rather better than the standard wages in the district.

977. Not including your profit?—Not including our profit.

978. How much better?—For instance, we pay piece-work to the women workers in the tailoring department, in some instances 1*d.* a garment for the finishing.

979. More than the others do?—Yes, and in the dyeing we pay day wages at a trifle more, 6*d.*, it may be 1*s.* a week more than they do in the private firms, but as the next paragraph in my statement will show the benefit coming to the workers arises chiefly through continuous employment. The workers employed by the Society now number 290. They are all shareholders. If they are not shareholders at the time of being engaged to work for the Society, they are compelled to become so, by reason of their share of the profits being credited to their account as share capital. This accumulation goes on until each worker possesses at least 20 paid-up shares in the Society. This system ensures that each worker is interested in the welfare of the Society to the extent of at least 20*l.* The tables (*see Appendices* XXXVII., XXXVIII., XXXIX., *and* XL.) trace the gradual growth of shareholding by working members. The 290 workers now hold shares in the Society to the amount of 5,600*l.*, out of a total capital of 23,000*l.* A large proportion of the workers holding shares arises from the accumulation of the profits in which they have shared according to the rate of their wages.

980. Now could you give us instances of other smaller societies as successful as the one at Hebden Bridge?—Yes. The Leicester Co-operative Boot and Shoe Manufacturing Society, though more recently established, bids fair to become as great a success (Mr. Alderman Inskip, in his evidence* before this Commission, stated that the members of this Society were members of the National Boot and Shoe Union); there is also the Boot and Shoe Society at Kettering, concerning the latter of which some particulars have already been laid before a section of the Commission by a witness who appeared as direct representative of the Society.† (*For details concerning the Leicester Society, see Appendix* XLI.)

981. Can you tell us anything about any societies formed specially for the production of flour?—There are four flour societies, which have a mixed membership of individual shareholders, and the distributive stores, but which are practically governed by representatives of the stores, viz., Halifax, Sowerby Bridge, Rochdale, and Oldham. Owing to a distribution of voting, the government of these productive associations is practically carried on by the delegates from the shareholding stores, *i.e.*, by the representative of the general body of consumers. These four societies claim between them 66 per cent. of the turnover in co operative flour. The profits, after paying interest on capital, are all divided to the customers in proportion to their purchases. I have here a summary. There are several other flour mills, but these will suffice to give a fair idea of what is being done.

982. You can put in that table with the appendix, I think (*see Appendix* XLII.). Have you had any experience in regard to trade disputes and

* See Minutes of Evidence, Vol. ii., Group C.

† See evidence of Mr. E. Ballard, Minutes of Evidence, Vol. ii., Group C.

Sir *Michael Hicks-Beach*—continued.

strikes in connexion with the Society you represent, or do you know of any such difficulties in connexion with other societies?—We have not had any strike or serious difference in regard to wages or other matters in any of the departments of labour in connexion with our works since their establishment. I do not know of any such difference in connexion with the other societies constituted in the same way.

983. What influence has your Society had upon the wages in your district in your special industry. Has it had a favourable tendency to procure more constant work for the people in your district?—We are about the largest employers of labour in our neighbourhood in our special industry, and we pay a full standard rate of wages, and in this the Society tends to sustain the best rates amongst other employers. Yes; we have more constant work, while other workers in the district doing the same kind of work have not less. I may safely say that the establishment of our Society has led to much greater continuity of employment, especially amongst the fustian cutters and dyers, a class of men who at one time were much subject to fluctuation in employment, inasmuch as the men referred to are now in receipt of wages fully 20 per cent. higher than they would have had under the old conditions. That is the men connected with our Society.

984. What relations subsist between your Society and trades unions?—The workers in some of the departments are members of the trades societies in the district, and in all, so far as these trades societies prevail, such as weavers and fustian cutters. The latter class of workers were the founders of the Society, and one of our *employés* is also the secretary of the local branch of the trade union in the district. We have both unionists and non-unionists in our employ, but the Society is directly taking a part at the present time in favour of an equitable price for cutting with other firms doing the same kind of work, and this jointly with the officials of the trade union. The rates paid now by private masters are unequal, and there is a varying percentage taken from the list price varying from 2*d.* to 6*d.* in the 1*s.* downwards; to journeymen and youths, and to boys even much less.

985. Do you produce any particular influence upon the character of the worker by your system?—Yes. We believe our system of employment tends to improve the character of our worker. The results of our business, and how to obtain them, are studied by every one in the establishment, and especially by those who are at the heads of the departments, lessening considerably the need of strict supervision by the management. We believe it makes the workers feel greater interest in the success of our efforts, and this is more felt as the worker remains a longer time with us. The directors are always willing to make the conditions surrounding the worker, in regard to light, air, room, and general comfort, as favourable as possible. I ought also to say that there is a strong desire by the directors and the heads of departments that there should be inculcated among the workers

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a knowledge of co-operative principles. The directors and the workpeople get up social and special meetings for recreation and for addresses on co-operation and kindred subjects, and frequently friends from a distance speak at these meetings. During the last five or six years we have had delivered, in connexion with the Oxford Extension Scheme, courses of lectures on history, literature, and political economy. These lectures have been very popular; they have been free to workpeople and the public of Hebden Bridge.

Mr. *Bolton*.

986. May I ask you, in connexion with page 3 of your statement, this question. I think it is quite clear there that what you call profit includes interest on capital?—It does, interest on share capital.

987. Then as to page 7, do I correctly apprehend that the 37,930*l.* profit made on a total trade of 440,226*l.*, and that that includes interest as a whole?—Yes, it does; interest on share capital.

988. What other capital is there?—We have loan capital.

989. And that is paid at par?—That is paid at par.

990. In most cases your loan capital is much larger relatively to the share capital?—No, it bears a larger proportion now than it has done during the Society's existence. We have about 9,000*l.* of loan capital to 23,000*l.* share. The loan capital bears a larger proportion than it has done during some time, at any rate during the history of the Society. The relation of loan to share is 9,000*l.* to 23,000*l.*

991. Can you say what proportion of the capital employed in producing the 440,000*l.* trade mentioned there was loan capital, and what was share capital?—This 440,000*l.* covers the whole period of the Society's business transactions of 32 years, and it would be a very difficult matter to tell.

992. Would it be fair to take it as half?—No, I think the average would not run to more than a quarter.

993. The loan not more than a quarter?—Not more than a quarter.

994. The total profit, according to this, is 37,000*l.* odd, and does it pay interest on three quarters of the capital as well as profit to the shareholders. You have a capital of some 22,000*l.*?—Yes.

995. Over the average of the time three quarters of that would be share capital?—Yes, three quarters of that would be share capital. We fix interest at 7½ per cent. during the greater portion of the Society's history. The remainder we divide between custom and labour. After paying 7½ per cent. we begin to pay custom and labour.

996. Latterly you have reduced the interest, I think, to 5 per cent.?—Yes, latterly.

997. And you have now increased the loan capital?—Yes, it stands in a higher relation now than it was.

998. But the loan capital belongs to your members now?—Chiefly, but not all.

999. But to a much greater extent than it did formerly?—Yes, it does.

Mr. *Ismay.*

1000. Referring to the Finedon Local Society (*see Appendix* XLIII.), I see that the workers are 27 in number?—Yes.

1001. And the share capital 1,860*l.*, and the amount of the goods sold during the year is 19,881*l.*?—Yes, that is so.

1002. Does that not seem a large amount for 27 members to produce?—Yes, I cannot answer questions in relation to this Society so correctly as I might do, because I am not nearly connected with it, but this Society makes boots for the Army and Navy, and they do their work by contract, I believe.

1003. Do they employ workers other than members?—Yes, they employ other workers.

1004. Other than members?—They are not all members that work for them.

1005. Then do these workers participate in the profit at all?—Not in every case, but they do as to some of them. They have so much work to do on probation, and they are taken in after giving satisfactory evidence of their capabilities for work, and after giving satisfaction as regards the work

1006. Then these members might gradually decrease in number?—They might, or they might not. We have had a conference lately in the Midlands, where these societies were called together with a view to induce them to take their working members more into partnership with them, and I believe the result of that conference will be that these workers will become more and more members of those societies.

1007. But one of the dangers of this system is that the number of members may decrease?—It might be so; it has been so.

1008. Taking human nature as it is, is it not so?—It has done so in one or two instances, but it has never become so bad but that I think the rules of the Society have been in active operation all the time. That is, they have taken fresh members in as they have needed.

1009. Who has brought pressure upon the members to do that?—Latterly, I can only say that the Co-operative Union at a conference called with a view to get them to take their workers in more fully as members

1010. To meet the difficulty I have pointed out to you?—Yes, to meet that difficulty.

Mr. *Tunstill.*

1011. The share capital is 22,000*l.*?—Yes.

1012. By whom is that contributed in the main?—About one-third belongs to the Society, one-third to the workers, and one-third to the individuals.

1013. You have workers in your employ who do not share in any sense or way, have you?—We have only those who come into our employment in February or January, the beginning of the year, or in June or July, the beginning of the latter half of the year, and those, of course, are not members, because they have not earned any share of profit by their employment, which would make them members, and when the profits are declared their proportion of the profits is added to the share capital, and this is continued till they get 20*l.* in the Society.

Professor *Marshall.*

1014. You have not found it work well to have a number employed in the work on your Committee, have you?—No, we have not.

1015. Can you say why that has worked badly?—I may say that that arose because, in the beginning of the Society's history, it was thought not advisable to have workers on the Committee. In our locality the distributive societies, some of them, do not allow their servants in the shop to have a vote at the meetings. That has been so, but it is getting less and less that way. Indeed, I think the feeling would be now that if the rules were to be adopted we should not be against them taking a seat on the Committee.

1016. Do I understand that it has rather been a matter of custom?—Yes.

1017. You do not think there is anything like a real objection against it?—That is so.

1018. In what proportion is your trade between co-operative distributive societies and other dealers?—We do a private trade of about 8,000*l.* compared with 40,000*l.* in the whole.

1019. 40,000*l.* outside, and 8,000*l.* inside?—No; 8,000*l.* outside, and 32,000*l.* inside, but I ought to explain in regard to that and I do in my statement, that this is chiefly for work done to goods that were sent on to us to dye and finish.

1020. In those cases you really only perform certain operations, such as dyeing the goods?—Yes.

1021. But you do not sell the goods?—No, that is so.

1022. Have you come across any wholesale dealers who have been unable to buy your goods for fear of being boycotted by other dealers? Have you come across any wholesale dealers, having given you as the reason against dealing with you, that if they were known to be dealing with you, they might be boycotted by private firms?—No.

1023. Do you think that difficulties of that kind arise in other branches of co-operative production largely?—I do not know. In regard to other societies, I believe they chiefly deal with societies within the movement. Some of them deal outside the movement; one or two do so altogether. We partially deal, but mostly so with societies in the movement, but we also deal with private merchants outside the movement.

1024. But still even you do much more inside than outside?—Yes.

1025. You find it easier to push your way inside the movement than outside it?—No; I do no not know that we do. We seem to give as good satisfaction to those outside as we do to those inside.

1026. But the total volume in the trade done in your class of goods outside the co-operative societies must be much larger than outside in the total?—Yes, a great deal.

1027. If you get only a quarter as much outside as you get inside, and if the total outside is larger than inside then you must get only a comparatively small part?—Yes, but this arises chiefly because we have not tried so much for

Professor *Marshall*—continued.

the sale of our goods outside. We simply started it in the first instance as dyers and finishers, and set ourselves out after two or three years of existence to buying dyeing plant, in order that we could do cutting, dyeing, and finishing; cutters and dyers being the first founders of the Society. We are more acquainted with that class of work and we do that class of work for merchants.

1028. Generally the experience of Hebden Bridge life has been a very happy one altogether, has it not?—It has so far as we are concerned. I may say that in connexion with this class of work, that at times the workers are ill-punished in consequence of broken time; there are times when, for instance, cutters may have to play two or three days in the week and this may run over a period of a couple of months in the summer time.

1029. But there is a very high average of intelligence and sobriety and comfort of life, is not there, in and around the Hebden Bridge factory?—Yes, there is; in connexion with the factory they are in a much better social condition than they were when we began.

1030. Your experience would lead you to think that if the Hebden Bridge example could be followed the result would be a great improvement in the social condition of the people?—Yes, that is so.

Mr. *Gerald Balfour*.

1031. You divide the productive societies into three classes, the first of which subscribes the whole of its own capital and gives all the profits to the workers. I notice you say there are very few such societies; and further, both the instances you give are taken from the boot and shoe trade?—Yes, those who are finding the whole capital and divide the profits themselves, you mean.

1032. And both also depend very largely upon Government orders?—Yes, that is so.

1033. Are those characteristics accidental?—They may be partly accidental; I daresay they would, but I cannot say positively, because I am not nearly so well acquainted with them.

1034. Do you think the societies belonging to the first of these classes must confine their operations to certain special branches of industry?—I believe in cases of that kind, that where they are acquainted with the special industry in that way the workers would be better capable of carrying out the principle than they would be where it was a complete industry.

1035. Then do you think the principle could be applied where large capital was necessary?—I do not think it would be very easily applied, for the reason that they could not obtain the capital, and those societies are, of course, a class that do not require much capital to commence with.

1036. So that where a large capital is required your productive societies would have to be organised upon a different principle. The Hebden Bridge Society, for instance, obtains the greater part of its capital from outside?—Yes. The Hebden Bridge Society commenced in one small

Mr. *Gerald Balfour*—continued.

branch of trade, although it contemplated a large industry with a large plant required at the commencement, and they were content to begin and take it up by degrees. For instance, in fustian cutting, a fustian cutter does not require more than 30*s*. to 2*l*. capital to start work, and we thought we could obtain work in that way through private merchants for dyeing and finishing. Thorough dyeing requires a large amount of capital and in order to get that we should have to go on trading. We bought a few fustian pieces and went out to the stores to try to sell them and keep ourselves together, and make a little profit as we went along in order that we might get the capital required for dyeing as well as for cutting and finishing.

1037. Do you think societies of the first class reach a higher ideal of co-operative production, that is, societies composed of those who subscribe the whole funds amongst themselves and retain the whole management in their own hands?—I do. I think that where they own their capital and employ themselves in that way, it is a higher form of co-operation. I may say that there is one Society now, the Brixton Builders', who are working their own Society and finding the capital and dividing the profits amongst themselves.

1038. But you would be constrained to admit that experience shows that societies working on that principle can only carry on a few limited kinds of industry?—Yes, and that arises chiefly because of the difficulty of obtaining capital, and if it is a complex industry a further difficulty would arise in it, in the way of organisation. It would be very difficult, indeed, to get a number of men together to set to work to establish a society, not knowing one another, and if they did, when they came to work more nearly amongst one another and with one another, difficulties might arise in regard to position and so forth in the work, and as to their capacities for the work; all those things have to be settled, and it is a very great difficulty indeed in organising controlling power in that way in connexion with industrial workers, much more so, I think, than it is with the distributive societies.

1039. Where you obtain capital from outside you necessarily have to surrender some of the governing power of the concern to the owners of the capital?—Yes, when they are made shareholders we do, and we have done so in the beginning of our Society.

1040. You regard the organisation of the Hebden Bridge Society as more nearly approaching to the system of profit-sharing than societies of the first class do?—Yes, and it also contemplated from the very beginning a proprietorship in the establishment that has prevailed all the way through

1041. Would you be glad to see the system of profit-sharing introduced into private firms?—Yes, I should.

1042. Do you think that would be a gain to the workmen employed?—I think it would be a great gain.

1043. I did not quite understand an answer which you gave to Professor Marshall about the

Mr. *Gerald Balfour*—continued.

rule which prevents any of your workers being on the committee; what was the cause of that rule being passed?—I think it is more in regard to custom than anything else. It is not a very sore point with the workers. I believe if it was a sore point and they asked and agitated for its removal among the members they would obtain it, but it was the custom at the beginning of our Society and it was regarded, and has been so throughout the district in connexion with co-operative works in such a way that servants should not be on the Committee.

Sir *Michael Hicks-Beach.*

This is the rule:—

"No paid servant of the Society can be appointed on the Committee."

Mr. *Gerald Balfour.*

1044. That dates from the commencement of the Society, does it?—Yes, that dates from the commencement of the Society.

1045. Then from what class is your Committee drawn?—Our Committee is drawn from workers in the same kind of work in the locality who may be shareholders, and from representatives of the stores; about half of each class.

Mr. *Mundella.*

1046. Representatives of the stores who have capital in the business?—Yes, the stores which are members with us.

Mr. *Gerald Balfour.*

1047. This rule seems to be a serious infringement of your principle that the workers should themselves govern the concern?—Yes, that is so, and I think if it was to be considered now they would be recognised and duly represented on the management committee.

1048. You are manager of the undertaking, are you not?—Yes.

1049. Is the manager appointed by the Committee?—Yes.

1050. And removable by the Committee?—Yes.

1051. I imagine in your case you never had any difficulty with the Committee?—There have been times when we could not always agree, but it has never come to a severance.

1052. You have no doubt, have you, that the general social condition of your workpeople has been improved by membership of the Society?—No doubt whatever. We have no difficulty in obtaining the very best class of workers, indeed when it becomes known that there is a situation open there are a great number of applications for it.

1053. When you say you give higher wages than other firms in the district it is to be remembered that your workers are also of a higher class. I understood you to say your workers were the best in the district?—Yes.

1054. Therefore when you give higher wages to them, you are really giving higher wages to better workmen?—That is so.

1055. Now, I will put a question to you which I put to Mr. Maxwell. Have you ever thought of applying the advantages of a Society like yours for the purpose of providing pensions for old age or performing any other functions of a friendly society?—No, I do not think that we have, but in connexion with the matter of old-age pensions the secretary and myself have begun to think about what co-operative societies founded on the same system as ours could do, and we think it would be much superior to a system of State-aided pensions.

1056. Would you like to offer the Commission any remarks upon that subject?—I might say that on page 17 of my statement it will be found that we give a table as to 27 workers, showing the earnings and the amount of bonus paid to labour, the amount of interest paid on the shares, and all these particulars in relation to those workers (*see Appendices* XL. *and* XLIV.), and I think there is sufficient evidence in connexion with this to show that in connexion with works of a kind like ours, the workers if they could have similar conditions would be duly provided for in case of old age.

1057. You have never, however, proceeded so far as to draw up any scheme dealing with this?—No, not otherwise than the rules for the making of the Society would provide for the workers.

Mr. *Mundella.*

1058. Have you experienced any difficulty in selling your products to outside traders?—No, I do not know that we have, except in one instance in the early years of the history of the Society. I have had to do a great deal of canvassing for trade altogether in connexion with the Society's history, and now my work is partly work in that direction. I attend the Manchester market twice a week, and that business is solely with private merchants, that is, to see them and obtain goods for dyeing and finishing.

1059. Then your work is practically obtaining goods for dyeing and finishing?—Yes.

1060. But you do not produce the article?—No, not for merchants much, but for co-operative societies.

1061. You only finish it?—We only finish it for merchants.

1062. So fustian cutting is merely the dyeing and finishing of the fustian which is manufactured elsewhere?—Yes, and this is one of those industries, the making of fustian cloth and dyeing and finishing and cutting in all the several departments which are carried on by employers of labour. We are mostly in this department employed by merchants for whom we do nothing else but just the dyeing and finishing.

1063. Quite so, and of the 40,000*l.* a year of business which you do, about 8,000*l.* is done outside the Co-operative Stores, is it?—Yes, it is.

1064. And the other 32,000*l.* is done for the Co-operative Stores?—Yes.

1065. Do you sell the fustian to the Co-operative Stores?—Yes.

1066. Do you sell the finished article?—Yes.

1067. And in the one case you sell it to the Co-operative Stores, and in the other case you act as a sub-contractor, so to speak, dye and

Mr. *Mundella*—continued.

finish for others who do sell fustian in the open market?—Yes, that is so.

1068. In respect of the rule that no working man or person employed by the Association should be a member of the Committee, is that rule, do you think, necessary for the purpose of discipline, and for the successful carrying on of the business?—That rule was thought necessary at the beginning, but I do not think it is necessary now, because as I am the manager and have the control of these works I do not think I should have any very serious difficulty with the men who work in it, and who might be on the Committee in their representative character according to the ratio of their membership.

1069. But the Committee, as I understand, appoint and discharge the *employés* of the Committee, do not they?—No.

1070. They employ the officers of the Committee?—They employ the officers of the Committee.

1071. They employ them and discharge them?—They discharge the officers of the Committee. In regard to any other part of the establishment they entrust the employment of the workmen and the heads of the department to myself.

1072. Yes; but you also are subject to discharge by the Committee, are not you?—Yes.

1073. Then do you think it would be practicable, in the management of a large productive concern with workmen being themselves members of the Committee, that they should have the appointment and the discharge of their own overlookers?—There have been occasions, I believe, when serious friction has occurred where the Committee have been only composed of the workers. There have been difficulties, I believe, of that class that have seriously interfered with the business.

1074. And that is the reason of the rule?—That is the reason of the rule.

1075. The workers themselves shall practically have no control over those who manage and superintend the business?—Just so, but I think with workers on the Committee that it is possible, and I think it is preferable, that the management of these concerns should be so governed. I think it is preferable.

Professor *Marshall.*

1076. If I understand you rightly, the position is that the influence of the workmen on the Committee has been bad, so far as you know, only when they have constituted the whole, or nearly the whole, of the Committee?—That is so, and when it has been in the initiatory stages of the Society.

Mr. *Mundella.*

1077. You think that that rule might now be safely relaxed?—I think it might in our case.

1078. But in no case would you relax it so that the inside workers of the Society should be themselves the sole governors of its business?—We have one society, of which I have read out the evidence, that is of a Society at Leicester,* where the whole of them are members of the Committee, and that Society is making rapid progress, and they have not had a difficulty, but there are other societies where a difficulty has come in, and it has been such that it has led to a change.

1079. Can you tell us of any society, distributive or otherwise, or productive, where they pay the manager a high salary?—Yes, there are such societies in connexion with distributive societies, in some cases, I should think, where they pay a fairly good salary.

1080. What should you call a high salary?—I should call some 300*l.* a year a high salary, and there are in connexion with distributive societies in our locality societies where 300*l.* a year is paid as a salary.

1081. Do you know any productive society where the manager receives a salary of 500*l.* for instance?—No, I do not know that I do. I do not. Perhaps it is because they have not been of that magnitude which would justify them in paying it.

1082. But do you think the workmen would take sufficiently large and liberal views as to the payment of managers so as to justify the constitution of the Committee being entirely of workmen?—I think in regard to matters of that class you must make some allowance, because working men have not that knowledge of what ought to be done altogether; not so much, at any rate, as those who have been brought up in business operations, and some allowance ought to be made on that score.

1083. Do you not know that some of the best men connected with co-operative societies leave their situations because they have not been sufficiently remunerated by the Society?—Yes, I do.

1084. And because there has been an objection to men of ability rising from the ranks to positions which would pay?—Yes.

1085. There have been some cases of that kind?—There have.

1086. A man who originally earned 1*l.* to 30*s.* a week might rise to 500*l.* a year, and be well worth it, and other people would give him double that, and yet he has had to relinquish his situation because he could not obtain a sufficient remuneration in the Co-operative Society?—Yes; in regard to these smaller societies, and my experience only relates to them, they have not been of sufficient magnitude to justify, as I said before, the payment of 500*l.* a year, but in connexion with the Wholesale Society there are servants who are receiving 1,000*l.* a year.

1087. Yes, but they are not managed by the *employés* of the Society but by the shareholders, are not they?—No, they are managed by the Committee which is elected.

1088. Yes, but the Committee is not elected amongst those who are employed by the Society?—No, they are not.

1089. They are elected from outside?—They are elected from outside.

1090. And practically by co-operative shareholders?—Yes, that is so

* See question 980 and also Appendix XLI.

Mr. *Mundella*—continued.

1091. By the outside stores themselves?—Yes.

1092. Who have considerable capital?—Yes, that is so.

1093. Then you say that in your own productive department you pay the full standard rate of wages?—Yes, we do.

1094. Is there a trades union in your district?—Yes.

1095. Is there a trades union list?—There is a trades union list in connexion with the Cord Cutting Association, and Mr. Buckley, of Oldham, is the secretary for the weavers and cutters in that district.

1096. Do you pay that trades union list?—Yes, we do; we pay higher than the list.

1097. You pay the statement wage, and even higher?—Yes, we do.

1098. And are you able to keep the people going all the year round?—We are able to keep them going to the extent of 20 per cent. better in their wages than our neighbouring employers can.

1099. That is because the Co-operative Stores are more regularly in demand than the small ones?—I daresay. I believe they are more regularly in demand if we may judge by the class of work that comes to private dyers and finishers in the locality, as compared with the other class of work which we do.

1100. Then you have experience of producing articles for the stores and sub-contracting for the outside trade, and would you say that the stores had a better class of article than is consumed generally by the outside trade?—Yes, and I can show that, too, by the statement of the *employés* who are engaged. They say in connection with the workshops, when they come to us, that the class of work that they have been accustomed to work on is not so good as that on which we work.

Mr. *Mundella*—continued.

1101. That is to say, the material you use is better?—Yes.

1102. And the quality of the goods better?—Yes.

1103. And you have a more strict regard to the intrinsic value of the article?—I believe that is so; but wherever there is a demand for a lower class of goods we try to meet the demand, and even that obtains in some parts of the country.

1104. Do you find the buyers that buy of you very critical of the quality of the goods that you supply to them?—I believe they are very critical.

1105. You think they are more particular as to the class of goods than the ordinary outside shopkeeper would be?—We are doing business with the wholesale societies to-day. Mr. Maxwell was giving evidence just now, and we supply his Society with fustians, a class of goods they sell in their ready-made department, and we find they are as close buyers as any we have.

1106. You think the co-operator not only buys his goods cheaper, but he gets a better and more durable class?—Yes, I believe that is so. Let me add that in competition with other people in the same class of trade in connexion with the Manchester Corporation, we obtained a contract two years ago for 1,000*l.* worth of fustian garments in competition with private dealers.

1107. Did you get a profit on it?—Yes, we got a profit on it, a good profit.

The witness withdrew.

Mr. FRANK HARDERN called and examined.

Sir *Michael Hicks-Beach.*

1108. What is your position, Mr. Hardern?—I am chairman and director of the Industrial Co-operative Society, Limited, Oldham, which positions I have held for 10 and 13 years respectively. I represent here one section of the Co-operative Union, Limited, which is the Executive of the entire co-operative movement of the United Kingdom (*for Rules of the Co-operative Union see Appendix* CXLIV.). I am also chairman of the Parliamentary Committee of the Co-operative Union.

1109. What is the nature of the evidence which you propose to give?—I propose to give some account of the extent to which co-operation in various ways has permeated the borough of Oldham. It may be reckoned as being the most thorough co-operative town in the United Kingdom, so much so that the Co-operative Union have thought it important that some of the main facts as to its development should be laid before this Commission in order to show that in different towns and in different circumstances the work of co-operators may be widely different and yet obtain similar results. For the basis of the evidence I desire to give, I have fixed the parliamentary borough of Oldham, the population of which, according to last census, was 183,871. I have prepared a statement, which is here presented to you (*see Appendix* XLV.), of the societies in the borough, and their present position as regards members and finances. With respect to members I should like to point out one important feature. A member in our Society is supposed to be a householder or head of family, or represents such, our rules definitely stating "that not more than one "member shall be allowed at same house." Taking a careful estimate of the population, we find that fully 50 per cent. of the householding class are members of our Societies. And pursuing this further, we may safely say that 75 per cent. of the industrial population or working classes take an active part in the workings of our Societies.

Sir *Michael Hicks-Beach*—continued.

1110. You mention five societies in the list, the total membership of which is put at 23,621. Are all these separate individuals, or does one man belong to more than one society?—All separate and distinct societies from each other.

Sir *Michael Hicks-Beach*—continued.

1111. Does one man belong to more than one society?—One man may belong to the whole if he likes.

1112. But is that so or not?—Well, in very few instances, very exceptional cases indeed. Two large societies, the Equitable and the Industrial, are actually in the municipal borough of Oldham. But the others are outside the municipal boundaries, and it does prevail in the centre of the town that very often one man is a member of both societies, that is both of the two large societies.

1113. I am rather surprised, looking at these figures, at your estimate that 50 per cent. of the householding class are members of your Society, whereas the population is 183,000?—I divide the 183,000 by four, to bring them to what I should call heads of families, and then I take 75 per cent. of the one-fourth, which gives me what I think, according to Mulhall's Dictionary of Statistics, is about the number of the householding class of the community.

1114. With regard to the capital?—Our capital is all withdrawable capital, and withdrawable at call, that is to say, that although we have provision in our rules to regulate withdrawals and to limit the amount to be withdrawn at certain notices, this has never been acted upon, a member is perfectly at liberty by going in the official hours to draw any portion or all of the capital that may be standing to his credit in the Society. This system virtually turns our Societies into what might be termed people's banks or working class banks, where the depositor can deposit and withdraw at will. In Appendix XLV., I have summarised as far as possible the financial position of societies in the parliamentary borough, and with but very slight exceptions these constitutions are identical.

1115. Just turn to your table of investments (*see Appendix* XLVI.). You have told us your Societies are like Post Office banks, where the depositor can deposit or withdraw at will, and you have considerable deposits, large sums. I see you invest your capital in such securities as the Manchester Ship Canal?—Yes.

1116. Are those ordinary shares in the Manchester Ship Canal?—Ordinary shares, first shares, yes.

1117. You could not realise them very well, could you?—No, we are quite aware of that, but we have other shares that might be placed in the same category, to some extent at least, as the Manchester Ship Canal shares. But we consider that with all of them added together we have a reserve fund which stands in our balance sheet which would far exceed any loss that we should suffer upon the sale of those shares.

1118. Now, are there any special features in Appendix XLV. that you would like to point out to us?—Yes. I should like to draw attention (*a*) to the purchase per member per annum, viz., 30*l.*, which we consider over the average in comparison with many other societies. (*b*) Trade charges or working expenses are 4·59 per cent. on sales, which is a remarkably low figure, notwithstanding the large turnover. (*c*) The net profit shows 16·28 per cent., which is remarkably high when we bear in mind the keen competition of the age. (*d*) The educational grant which is 2½ per cent. of the net profits, and amounts to considerably over 3,000*l.* per annum. And lastly, (*e*) the depreciation, which is a maximum amount, being nearly 14 per cent. of the fixed stock value. I have also appended (*see Appendix* XLVI.) a summary of the present investments of these societies. I should like to amplify that answer, if you will permit me, by saying that this large business which is set forth in Appendix XLVI. (and I may also say the same remark would apply to the whole of the co-operative business throughout the United Kingdom) is done with a voluntary restriction of hours of labour. By a careful estimate made both of the North and the South and the Scottish portion of the United Kingdom, we find that the average hours of labour in our distributive stores for the *employés* employed there is 57 hours per week. I may also say here too, that we were the founders of the half-holiday movement, which is recognised throughout the whole of the movement without the slightest exception. The *employés* are allowed a half day holiday.

Mr. *Tunstill.*

1119. Without parliamentary interference?—Without any parliamentary interferences at all, being a purely voluntary act on the part of the co-operative societies themselves.

Sir *Michael Hicks-Beach.*

1120. How long have your Societies been established?—The Industrial and the Equitable were established in 1850, the other societies subsequently. In Appendix XLVII. you will see that rapid strides have been made, and immense business done in the last 20 years. The particulars of the two larger societies are taken from their printed reports. The smaller ones I have had to estimate. The sales in 20 years amount to 11,735,589*l.*; interest paid on share capital and dividends paid to members, 1,871,138*l.*; grants to education, 2½ per cent of net profits, 444,213*l.*; and to charitable purposes, 3,007*l.*

1121. How much do you allow each member to invest?—Appendix XLVIII. shows that in some of the societies we have had to reduce the amount of investments. The power given us by Act of Parliament limits us to 200*l.*, but the limit now in our Societies stands thus:—Industrial Co-operative Society, Limited, 25*l.* per member; Equitable Co-operative Society, Limited, 30*l.* per member; Crompton Co-operative Society, Limited, 30*l.* per member; Royton Co-operative Society, Limited, 200*l.* per member; Lees Co-operative Society, Limited, 200*l.* per member. Taking these limits as the bases, the worth per member of our Societies at the present time as follows is:—Industrial, 9·85*l.*; Equitable, 9·47*l.*; Crompton, 10·54*l.*; Royton, 9·00*l.*; Lees, 16·69*l.*

1122. Then you have no wish I suppose, for any extension of the present parliamentary

Sir *Michael Hicks-Beach*—continued.

limit? — We have not expressed ourselves strongly. We are quite open on that point. It is quite evident that if the limit was extended in our case we should curtail it. We should not desire particularly that any extension should be made, but we should not stand in the way of our friends having the limit extended.

1123. Why was your limit of capital reduced? —Because the amount invested per member became so great, far over the requirements of our trade, that we should have been necessitated to re-invest large sums of money. This we did not consider it advisable to do as an institution, but preferred to throw the responsibility of re-investment on each individual member of the Society by returning the capital and reducing the amount per member. Appendix XLVIII. shows the date when this reduction took place, the amount reduced to, and the total amount returned.

1124. You paid out 131,500*l.* I see?—Yes. I believe that is about the figure.

1125. Now, do you think that that weakens your Societies or strengthens them?—We think the strength of our position to-day is to a great extent due to this action. Had we continued to hold ourselves responsible for the vast amounts of capital that would have been brought into the Society, we feel that we should have jeopardised the position of our organisation by making ourselves large bankers as well as retail dealers. I have tried to make an estimate of the amount that would have been held to-day, and I am strongly of opinion that the sum would not have been far short of a million of money.

1126. Is it not a common thing among co-operative societies to reduce their capital in that way?—I do not think it has been very general. I have no means of getting to know how far it has extended in the movement. A great many societies I know have done it.

1127. How much in the last 21 years do you consider that you have returned to your members in the form of interest and dividends?—The amount added to the share capital returned or repaid makes a total amount of 2,022,638*l.*

1128. What has become of that money?—That is a very important question to answer, and I am sure you will permit me to use the greatest care in replying thereto. I have no doubt some proportion has gone to the improvement of the dwellings of the industrial classes, and to their manner of living; it is an acknowledged fact that there is a decided improvement on a comparison of 20 to 30 years ago. Then, again, I should not be surprised to learn that the Post Office Savings Bank deposits have been augmented in this town from this source; and lastly, there can be no doubt that a vast proportion of this capital has found its way into the joint stock cotton-spinning concerns of the town and district, either as share or loan capital.

1129. Can you, speaking from your own knowledge say that the deposits in Post Office Savings Banks have largely increased in Oldham?—I cannot. I know there are a vast number of Post Office depositors in the town, but I could not think of any means of getting the information.

1130. I see in the summary of investments (*Appendix* XLVI.) of your funds, the funds of the Societies, 11,777*l.*, are invested in cotton-spinning company's shares, and 53,358*l.* in cotton-spinning company's loan?—Yes.

1131. Your view is, in addition to that, a large amount of capital that has been returned to your members has been invested by them in the same way?—Yes.

1132. Do your Societies invest much in the form of building houses for the members?—You will see in the appendix (*see Appendix* XLIX.), that I have supplied you with a statement, showing the development of the cottage building department of our Societies. From that statement you will see that the total amount expended by the three societies in the district who have building departments is 165,103*l.*; the present balance owing being 40,085*l.*; the number of cottages built, 1,026; and the amount repaid to the Societies, 125,018*l.* I have pleasure in stating that this form of disposing of some of the surplus capital of our Societies has been the most remunerative, and that little or nothing has practically been lost in capital expended in this manner. The class of houses built are those most suitable to the artisan class. One feature of our building department is that a member is not allowed to borrow more than 300*l.* at one time; the desire of the institution being that each member shall build a house for himself, and shall not become what we might term a cottage property owner. I think this remark will apply in full force to all the societies in the district.

1133. I see you have about one-fourth of the amount advanced still outstanding. Is the amount of money you use in that manner increasing or diminishing?—It keeps one regular steady sum. We have not a continuous cottage building department. The rules of our Society provide that from time to time, as necessity commands, we shall vote certain sums of money for this purpose.

1134. What I mean is that as long as Oldham is increasing and prosperous your building operations may be very successful?—Just so.

1135. But if it became over-built at all, you might lose considerably, might you not?—Well, possibly so.

1136. Do you keep that in view?—Well, of course, that is a matter that rests entirely with the individual builders. We do not take the responsibility of the building. We hold a mortgage over the property.

1137. You might lose on your mortgages?—Just so.

1138. Now can you tell us anything about the joint-stock spinning concerns in which so much money has been invested?—In the appendix I supply the Commission with a Table (*see Appendix* L.) showing that there are in the parlia-

Sir *Michael Hicks-Beach*—continued.

mentary borough of Oldham 76 joint stock cotton-spinning concerns; the earliest of these was established in the year 1861. They were registered as follows, viz. :—

2 companies	registered in	1861
1 company	"	1863
1 "	"	1867
1 "	"	1870
5 companies	"	1871
1 company	"	1872
10 companies	"	1873
24 "	"	1874
14 "	"	1875
1 company	"	1878
1 "	"	1882
4 companies	"	1883
5 "	"	1884
1 company	"	1885
1 "	"	1887
1 "	"	1888
1 "	"	1889
2 companies	"	1890
76		

I wish to point out that 60 of these companies have been floated in the period covered by Appendix XLVII. (that is the return of capital sent to members) which bears out the latter part of my reply in a previous question, that undoubtedly the capital of these companies has been augmented by the amounts paid away by the co-operative concerns. I have made the table as exhaustive as I possibly could, not only showing amount of share capital and loan and mortgage capital, but the exact positions of these concerns in the market at the present time. I am indebted for the greater part of the figures in the table to an annual statement which is given of the progress of these concerns in the district, by the two local papers, at the end of the year, viz., the "Oldham Chronicle" and the "Oldham Standard." The column arrangements are my own, and given with a desire to place the matter as simply before the Commission as possible. The amount of share capital called up by these joint stock companies amounts to the sum of 2,898,689*l.* The loan and mortgage capital amounts to 2,429,501*l.*, making a total of 5,328,190*l.* I have made careful inquiries from officials connected with 12 of these concerns, as per Appendix LI., which I considered fairly representative of the whole. The inquiry I made was to elicit as far as possible what amount, or what proportion of this share and loan capital belonged to the working class of the borough, or in other words, to that particular class of society that are members of our co-operative institutions. I find that in these 12 concerns they had a total share capital of 629,096*l.* The proportion of that capital held by the working class is 49·66. The total loans and mortgages amount to 514,984*l.* Deducting the mortgage amount from that, we get a net withdrawable loan of 405,472*l.*, or 78·73 per cent. of the total

Sir *Michael Hicks-Beach*—continued.

amount of loan. The proportion of this withdrawable loan held by the working class is estimated at 62·96 or 49·57 per cent. of the total loans and mortgages. Put in simpler form this inquiry means that, taken in round numbers, half of the share and loan capital of these 76 cotton-spinning concerns in the borough belongs to the working classes in the immediate vicinity. It is an historical fact, and acknowledged by all who have any connexion with, or interest in these concerns, that the joint stock movement in this borough was instituted by leaders of the co-operative movement. The first board of directors of the first joint stock concern built in the neighbourhood were also (some officially, and all intimately) associated with one or other of the co-operative societies. In fact, it is a generally understood thing, that the Sun Mill Company, Limited, had its birth in the Industrial Co-operative Society, Limited, King Street; and the same remark will apply equally to the Equitable Co-operative Society, Limited, and the other societies in the borough. I may say that the Sun Mill Company was the first joint stock company that was registered in the borough of Oldham. It might also be of interest to state, as showing the affinity existing between the two movements, that in a vast number of instances the leaders of the joint stock companies are more or less officially connected with the co-operative societies, and their interest is used in the progrers and development of both.

1139. What is the attitude of these joint stock companies towards the trades unions, and *vice versâ*?—The whole of the *employés* are paid according to a trade union list, and the best of feeling, on the whole, exists betwixt the one and the other. There have been times when differences have arisen, but invariably they have been settled in an amicable manner. Both the operatives and employers have their organisations, and each organisation is represented by men practically connected with, and have themselves been workers in the mills, and are intimately acquainted with the details of the trade, and matters of dispute that arise from time to time are quietly and amicably settled by these representatives meeting together on the spot.

1140. Are the wages kept up to a standard list?—They are, and this list has been in existence a considerable number of years, and was mutually arranged by employer and *employé*. It is only right that I should state what I think is an acknowledged fact, that the *employés* in the cotton-spinning concerns of Oldham are amongst the best paid in the county of Lancashire.

1141. Are the workpeople shareholders to any extent in the mills which employ them?—I am sorry to say "No" to this question. My experience, ranging over a period of 12 years, during which time I have been officially connected with one of these concerns, and indirectly connected with others in the district, and also having had to make inquiries upon this point before, and being intimately acquainted with a considerable number of the officials, I am loth to say that

Sir *Michael Hicks-Beach*—continued.

the result of all this experience and inquiry and association proves that the workers, the adult workers, are conspicuous by their absence as shareholders in the concern. You might then ask who are the working-class shareholders in these concerns? It has been found that these are composed of the artisan class outside of the cotton-spinning concerns themselves. I should like to supplement this answer, with your permission, by saying that I am strongly of opinion that the workers in the cotton-spinning concerns of the borough are now beginning to make use of the loan amounts of the various companies for their deposits, and I should like also to explain, to make it more distinctly understood, that when I mentioned the adult workers I meant those adult workers outside of the principal servants of the companies. Invariably the principal servants of the companies are shareholders in the concerns.

1142. Now, have the workpeople any greater continuity of employment than they had formerly under private manufacturers?—I should rather think they have. The private manufacturers in past times in bad trade would have curtailed production by either running the mills short time or closing them altogether. I think I shall be right in saying that, to a very great extent, this is not so now; that only on very rare occasions are the mills run short time, or closed for bad trade, but invariably they are kept continuously running, whatever the exigencies of trade may be.

1143. Do you think that can go on. I notice in your statement you say 41 of these concerns, made a loss in the year 1891. amounting to 105,624*l.*, as against only 34 which made a profit in the same year of 86,946*l.*?—Yes, I should like to point out that the year 1891 is a very very exceptional case indeed, or rather from the latter part of the year 1890, and covering the greater portion of 1891. You have heard the word "unprecedented" used many times during this inquiry. But I do not think it can be more emphatically used than in this case, when we had a fall in the raw commodity of cotton of very nearly 50 per cent., and as you know in past years they were accustomed to purchase the raw commodity in the latter part of the year, when the cotton crop is coming to hand. That purchase for the whole of the year cannot be sold, or if it could be, the profit would be realised at once, but not being able to be sold, it has to be held, and consequently the whole of these companies or a great portion of them, have to bear the loss of this unprecedented fall in the price of the raw commodity.

1144. You look upon that, then, as purely exceptional?—I look upon that as one of the most exceptional things that has occurred in the cotton trade.

1145. Now I see that while the amount of share capital in these concerns paid up is stated by you at 2,898,689*l.*, you value it only, at present market value, at 2,003,938*l.* Practically it is not worth more than 66 per cent.?—That is about it.

Sir *Michael Hicks-Beach*—continued.

1146. Do you think that these joint stock mills have been fairly successful?—In the earlier years of the movement they were. I am sorry to say that in later years this has not been so, as will be seen from a study of Appendix LI. The causes of depression have been many, perhaps the most important reasons are (1) reckless mill building, (2) unfortunate speculations, and (3) an unprecedented fall in the raw material during 1890 and 1891. The mean average return of these companies for the last 10 years has been as follows, viz.:—1882, $6\frac{1}{2}$ per cent.; 1883, $7\frac{3}{4}$ per cent.; 1884, 5 per cent.; 1885, *nil* and a small loss; 1886, *nil* and a small loss; 1887, $4\frac{3}{4}$ per cent.; 1888, 5 per cent.; 1889, 5 per cent.; 1890, 7 per cent.; 1891, $5\frac{1}{4}$ per cent. *Vide* "Chronicle" and "Standard," December 1891.

1147. Yet 1891, in which you speak of a mean average return of $5\frac{1}{4}$ per cent., showed 41 of the companies return a very large loss?—Yes. Of course, in some instances, they would pay dividends out of the reserve funds, and that would show a return of about $5\frac{1}{4}$.

1148. What effect do you think the amount of money which you claim to have distributed among the people of Oldham through your movement has had upon the people themselves?—I am quite of opinion that the present condition of the working classes of the borough of Oldham, and the district generally, has been brought about by the co-operative success which has attended them. I do not know of any industrial town in the United Kingdom where the people are more thrifty and more independent than in the town of Oldham. They are well paid, well fed, well clothed, and well housed; and I am quite sure that this superior state of things is attributable to nothing so much as to the co-operative spirit of the people, not only in their personal condition, but in the institutions of the town and neighbourhood as well.

1149. Are the working classes of Oldham more contented with their position than those in other towns, do you think. I mean, do they appreciate (owing to what you have told us as to their interest in these concerns, many of which have been losing concerns) the difficulties of the employer more than the *employés* in other towns do?—I scarcely think they do altogether. Of course, they appreciate their positions very highly, and they try to maintain their state of wages.

1150. As far as I gather from your evidence, they not only try to maintain their state of wages, but in these joint stock concerns they actually do maintain it, quite irrespective of profit or loss?—Yes, that is so. They have of recent years anyhow.

Sir *John Gorst.*

1151. Have you ever had any strikes?—We had one in the year 1885. It was the most serious struggle, I think, that we have had in the cotton-spinning district. It lasted about 13 weeks. It was a strike, an account of a demand

Sir *John Gorst*—continued.

from the employers for a reduction of 10 per cent. in wages. There was a strike of 13 weeks, and at the end of the time it was compromised by a reduction of 5 per cent. to the operatives.

1152. What course did the managers of these co-operative mills take in the recent question which arose in Lancashire about the reduction of spinners' wages?—The recent one.

1153. Yes?—Well, it is a very moot point indeed.

1154. Did the employers of these co-operative mills generally take the same attitude, and if so, what was it?—Exactly the same attitude as the private employers. They join and belong to the same association. The same masters' association covers the private employers as well as it covers the limited companies.

1155. Have you ever had any question with the employers of these co-operative mills about the length of the hours of labour?—Not that I am aware of.

1156. Are the employers of these co-operative mills in favour of an eight hours' day?—Well, it has been advocated among the operatives, but it has never been advocated among the employers of the mills.

1157. Have the employers in the co-operative mills any very clear and distinct opinion about it?—I do not think that they have, I think it is a very undecided point.

1158. They do not think that the adoption of an eight hours' day in mills would so increase the cost of production as to ruin the export trade?—There has been considerable discussion on that point of late but I think it has ended in their determining that there shall be a stronger advocacy if possible of an international eight hours' day not only on the Continent but all over the world, if we may so speak, all over the cotton world, that the same thing shall prevail there as prevails with us.

1159. Then speaking generally the fact is that the proprietors and managers of these co-operative mills take the same view in the cotton trade as the employers in Lancashire generally?—Exactly so.

1160. I believe in Lancashire the employers and workmen have been very much of the same mind hitherto about the effect of the reduction of the hours of labour, have they not?—Yes, they have.

1161. Is it the fact that the opinions of the operatives have been lately undergoing a change?—Yes, that is so.

1162. Generally?—Yes, generally.

1163. Throughout Lancashire?—Yes, generally so.

1164. What do you attribute that to?—It is a question very difficult to answer. I am sure I could not answer that question.

Mr. *Gerald Balfour.*

1165. You found it advisable in your Societies to reduce the amount of capital which each member may hold?—Yes.

Mr. *Gerald Balfour*—continued.

1166. Was that because you were afraid of the responsibility of managing so much capital, or because you were unable to find a profitable investment for it?—There is a strong feeling prevailing in our towns that when you have taught a man as it were to invest 50*l.*, 60*l.*, 100*l.*, or 200*l.* of capital that then he ought to take into consideration, either himself or in conjunction with his fellows, the advisibility of taking the responsibility of investing the capital further himself. That is the view that has been taken in the past, so that the institution that has received the capital in the first instance shall not be jeopardised in any way by holding, as it were, a considerable amount of capital.

1167. Do I understand you to say the change was made for the benefit of the Society or for the benefit of the individual members of the Society?—The change was made undoubtedly to practically strengthen the institution by not making it responsible for the re-investment of the money.

1168. You found a difficulty in re-investing money so as to obtain sufficient interest?—Yes, we had a great difficulty. Our members declined to grant permission, which makes us very different to some other societies. Some societies can invest their money almost all over the kingdom. Our Society's rules, unless by consent of a quarterly meeting, prevents us from investing our money outside the borough of Oldham. The Committee have from time to time attempted to invest in the borough of Oldham, where they think the security is good enough, but we cannot invest outside the borough of Oldham. The Rochdale Pioneers invest their capital in the railway companies. We should consider that outside the borough of Oldham, and we could not do it unless we had the consent of a quarterly meeting to do it.

1169. What interest do you pay on capital?—On share capital we pay 5 per cent. We have no loan capital at all.

1170. And you preferred, when your capital began largely to increase, that your members should have the responsibility of finding a good 5 per cent. investment rather than yourselves?—Yes, that was so.

1171. Do the securities in which your funds at present are invested bring you in 5 per cent.?—Scarcely at the present moment. I should think the average will be about 4½.

1172. Would it not be a better plan to reduce the interest paid on your capital?—We have tried to do that. But the members prefer rather that we should debit the trade with the difference between what we cannot get and what we pay. That is to say, that we can only make our investments 4½, and the other ½ is debited to the trade of the Society, and hence we pay 5 per cent. to the members.

1173. So that, in a sense, you were driven in self defence to insist upon a reduction of capital?—Yes.

Mr. *Gerald Balfour*—continued.

1174. Because you could not find an investment for it bringing in 5 per cent. except at an undue risk ?—Yes.

1175. That is what it comes to ?—That is so.

1176. Now, is it the fact that these joint stock mills were originally started on the principle of sharing profits ?—Yes, on the bonus system. In the first instance the Sun Mill directors had in their minds the desirability of paying, and I believe, in the first instance, did pay bonuses to labour.

1177. Why was that abandoned; do you know ?—They undoubtedly took the principle from the principles laid down in commencing their co-operative societies from industrial institutions, and they had a desire in the early stage of the joint stock movement to carry that principle into effect in the companies.

1178. In short, they have degenerated from the principles with which they started ?—They did so.

1179. I think you say here that the majority of the artisans who have shares in the joint stock cotton-spinning concerns are not themselves cotton spinners ?—No. We find that they are mostly outside of the cotton-spinning companies.

1180. And where they are cotton spinners do you find that they have shares in the concerns in which they are employed ?—We do not. I made a very minute inquiry, I think it was in 1885, when the Congress was held at Oldham. I read a paper there on these limited companies, and I made what at the time was considered a very minute inquiry, and I found from 5 to 10 per cent. only of the *employés* of the mills were shareholders in the cotton-spinning concerns. I should not like to say more than between 5 and 10 per cent., say, an average of 7½.

1181. Do you know if the bonus system has been found a failure ?—It was considered a failure in the joint stock concerns in the inception of the movement. We also tried it in our distributive stores, and it proved a failure there.

1182. In what sense was it a failure ?—In the sense that those that were the proprietors at the time, the Committee, did not consider that the men showed any improvement owing to the fact of their receiving a bonus, and that it had a tendency to make it appear that it was only a part of their wages, as it were. The working classes of Oldham preferred that they should receive an understood wage, be it either piece-work or day work, rather than that they should receive a bonus as well. That was the feeling at the time; that was the reason of the failure.

1183. I do not quite understand that last observation. Do you mean they preferred receiving less wages ?—They preferred to know exactly what the wages were than to run the risk of a rising and falling bonus, as the case might be, and in some instances no bonus at all.

1184. I suppose they thought if there was a bonus it might affect their wages adversely ?—Yes.

Mr. *Gerald Balfour*—continued.

1185. And they were afraid, therefore, they would really lose more than they would gain ?—Yes.

1186. That it would be put into one pocket and taken out of the other ?—Yes, just so. Of course the great difficulty of the bonus in the mills is that the profits of the cotton-spinning trade are of such a character that they are constantly fluctuating, and in some quarters they possibly might receive a bonus, and then in other quarters they would have to receive nothing at all. There is a very growing feeling in our district that wherever a profit is shared the loss should be shared as well; that responsibility should go with it.

1187. But that was not actually the system adopted, was it ?—No, it was not actually the system adopted.

1188. While this bonus system was in operation were not trade union wages being paid ?—Trade union wages were being paid.

1189. Why was it, then, that the operatives were afraid their wages would be reduced ?—From the fact of the varying fluctuations.

1190. Fluctuations in the bonus; did the wages fluctuate ?—No, in the bonus I mean; the wages were always the same.

1191. Why should a fluctuation in the bonus make them fear a reduction of wages ?—We could not pay a bonus on wages if there was no profit.

1192. But supposing there was no bonus, they would still be in exactly the same position as regards wages ?—Yes, they would still have their wages.

1193. So that at the very worst it seems to me they would be as well off; and at the best they would receive a bonus as well ?—Yes, just so.

1194. What I asked you was, why they were afraid that the profit-sharing system would reduce their wages ?—I scarcely understand the force of the question. Their wages could not be reduced by any profit-sharing system. They would still have their wages. There would be no fear of their wages being reduced.

1195. But I understood you to say that the operatives themselves objected to the profit-sharing system on the ground that they feared that it would produce a reduction in their wages ?—Yes.

1196. I ask you now on what was that fear founded ?—It is so long ago that it is not in my memory at all. I am only speaking from hearsay. Therefore I would not like to make any decided statement about it. This is only what I have heard stated from time to time, that the operatives preferred by far that they should receive an understood wage let it be by piece or by day.

1197. You say as many as 75 per cent. of the industrial population have an interest in your co-operative stores ?—Yes.

1198. I think some prophets have hazarded the prediction that when the working classes became customers at these stores in any large

Professor *Marshall*—continued.

proportion of their total numbers the effect would be that wages would fall; has that been realised at Oldham?—No, it has not.

1199. In your opinion the effect of the co-operative system has been to raise the condition of the workers permanently?—Undoubtedly.

Professor *Marshall*.

1200. When you said that you found that only 5 to 10 per cent. of the *employés* were shareholders in the mills in which they worked, were you referring to *employés* of all classes or did you include the upper classes?—Those would be the adults apart from the principal servants in the institution.

1201. If you counted in the whole of those who received wages and salaries in the mills a good deal more than 5 to 10 per cent. would be shareholders?—No.

1202. You say that 5 to 10 per cent. of the *employés* own shares in the mills in which they work?—Yes.

1203. Among those *employés* you say you do not include the officials of the mills?—Not at all; I leave those out.

1204. Therefore if you did include those you would get a larger per-centage?—Undoubtedly.

1205. Would the difference in the per-centage be great?—Very slight indeed, because the principal servants are confined to, say, three or four; the manager, secretary, and so on. I would say half-a-dozen would cover the whole of the principal servants in any of the mills.

1206. Then you do not count ordinary foremen as principal servants?—No.

1207. Mr. Balfour asked you whether there was not much to be said for lowering the rate that was allowed on the share capital rather than restricting the amount. Have you considered that question yourself?—We have tried to lower the rate, and personally I should be rather inclined to lower the rate than to limit the amount. That was to some extent the force of my advocacy at the time, that according to the ordinary condition of finances we should lower the rate of interest.

1208. I understand that there is no reason why that course should not be adopted except the unwillingness of the people who hold the shares?—Just so.

1209. And the case is rather one for urging them to follow a more public-spirited policy?—Yes.

1210. In answering Sir John Gorst as to the position that the managers took in this recent strike you said the managers of the joint stock mills took the same position as managers as the heads of private mills?—Yes, invariably so.

1211. But how about those shareholders who are not of the same rank as the managers; the shareholders who are themselves working men?—The only redress they have is to come to the

Mr. *Trow*.

quarterly meetings and express themselves as such. Sometimes they do.

1212. The present time is a very critical period, is it not?—A very critical period indeed.

1213. Is it found that the fact that a working man is a shareholder, whether in the mill in which he works or in another mill, tends to influence his opinion upon the eight hours' question?—I have not found that it does at all.

1214. You think they go with their fellows without reference to the fact that they are shareholders?—Yes.

1215. I suppose you are aware that the operatives gave evidence* here against a legal eight hours' day?—They did. That is some time ago, I just forget how long, but they did.

1216. How long since did they commence to alter their opinion?—It seems to be within the last 12 or 18 months, as near as I can gather.

1217. When was the notice given for this reduction?—There is an understood thing between the two associations that, as a matter of compliment and courtesy, they should give notice either on an advance or a reduction, a month's notice to each association; but the actual notices to the operatives are given individually the last week in the month.

1218. Did you hear anything about the change in opinion either through the delegates or otherwise to whom the notice was given?—No, not at all.

1219. Do you think that the notice given for reduction has anything to do with the change of opinion?—Oh, no. Some months ago there were talks that there were evidences of either curtailments of production or a reduction of wages having to take place and about the same time perhaps, began the advocacy of an eight hours' day, one began about the same time as the other.

1220. Do you think that the change in the opinion with regard to the eight hours' day was the result of the report that there would either be a curtailment of hours or a reduction of wages?—I am rather inclined to think that their is a connexion between the two.

Sir *Michael Hicks-Beach*.

1221. You told us that you were chairman of the Parliamentary Committee of the Co-operative Union. Will you tell us what that body attempts to do?—The Parliamentary Committee of the Co-operative Union was brought into existence much for the same purpose as the Parliamentary Committee of the trades unions, with this difference, that whilst the Parliamentary Committee of the trades unions, in all probability, devotes itself more particularly, perhaps confines itself entirely to rendering assistance and pro-

* See evidence of Messrs. Mullin, Silk, Mawdsley, Holmes and Booth, Birtwistle, Wilkinson, Barker, &c., questions 391–402; 644–7; 734; 750–63; 769; 806*a*; 1072–4; 1149; 1345; 1523–8; 1590–1; 1908–17, in Vol. I., Minutes of Evidence, Group C. For further references, see under Eight Hours' Day in Subjects Index [C.—7063–IV.].—G.D.

Sir *Michael Hicks-Beach*—continued.

moting Bills in Parliament, having for their object the benefit of the various workers in the trades of the country, we as a Parliamentary Committee of the Co-operative Union, would in many instances be prepared to assist measures promoted by their bodies. They also have before them, and are interested in the promotion, development, and improvement of a number of measures calculated to benefit and to protect the working classes of the United Kingdom. For instance, we have under consideration at the present time the following measures, viz:—(*a.*) The improvement of the Factory and Workshops Act, so as to do away with the cursed system known as sweating. (*b.*) The purchase of leasehold enfranchisements. (*c.*) The discontinuance of property qualifications in the election of public bodies. (*d.*) The improvement of the sale of patent medicines. (*e.*) The Food and Drugs Act. (*f.*) The amendment to the Industrial and Provident Societies Act, and various other measures having for their object the bettering of the conditions of the working classes of the country. Our present Parliamentary Committee consists of representatives from all sections of the Union, and we are at all times working in harmony with, and rendering all the assistance we possibly can to, the Trades Union Parliament Committee, and our desire is that in the future these two bodies shall be far more closely connected than ever they have been in the past.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

THIRD DAY.

Commission Room, Westminster Hall, Thursday, 27th October 1892.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. Sir JOHN E. GORST, Q.C., M.P.
The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
The Right Hon. JESSE COLLINGS, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. A. HEWLETT.
Mr. T. H. ISMAY.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. EDWARD WILLIAM BRABROOK called and examined.

Duke of *Devonshire.*

1222. Will you please state the office you hold?—Chief Registrar of Friendly Societies.

1223. Do you have to deal under that with the various Acts of Parliament relating to certain friendly societies?—With a number of classes of societies.

1224. Perhaps you will be so good as to enumerate them?—1. Friendly societies and their branches; 2. Benevolent societies; 3. Cattle insurance societies; 4. Working men's clubs; 5. Specially authorised societies under the Friendly Societies Acts; 6. Industrial and provident societies, commonly called co-operative societies; 7. Trades unions; 8. Benefit building societies under the Act of 1836; 9. Building societies incorporated under the Act of 1874; 10. Loan societies; 11. Trustee savings banks; 12. Railway savings banks; 13. Post office savings banks; and 14. Scientific and literary societies.*

1225. Are those societies generally closely connected with the industrial population?—Yes, very closely.

1226. In what way?—They represent in the main the savings which the industrial population has accumulated.

1227. Can you give us any figures upon the subject?—The aggregate of the funds in all the classes of the societies from which we have returns was shown in my last report to be 218,374,046*l.* That of course is not a complete estimate, and in certain respects some societies overlap each other; for example, friendly societies deposit in savings banks, and, therefore, their deposits would be counted twice over, and on the other hand, there are an immense number of societies belonging to those various classes which do not make returns, and which are, therefore, not included, so that, therefore, both in excess and in defect the figure is not accurate, but still it is the best figure we can give

Duke of *Devonshire*—continued.

1228. That figure is the amount of what then?—The aggregate amount of the capital of all those classes of societies, and perhaps it would be convenient to give it in detail.

1229. Do so?—Friendly societies, not collecting, and branches, 21,410,000*l.*

1230. That is the amount of what?—The actual amount of the funds of the societies, the accumulated funds.

1231. The accumulated funds which have been paid into them?—The amounts which they have remaining invested, the amount of property belonging to them, in point of fact.

Sir *John Gorst.*

1232. Their assets?—Their assets.

1233. Are those assets valued by the societies themselves?—They are as returned by the societies themselves.

1234–5. As their own valuation?—Yes.

(Mr. *Mundella.*) As this is a very important witness, we might just have a re-statement of the amount of capital and of the assets, as we have not those before us.

1236. (Duke of *Devonshire.*) Mr. Brabrook was now going into detail with respect to the 218,000,000*l.*

(*Witness.*) That is the total aggregate.

Mr. *Mundella.*

1237. That is the total sum as to what?—The total amount of the funds of all those classes of societies so far as they make returns to my office.

1238. Actually invested?—Actually invested so far as the returns show.

1239. It is not the nominal amount, I understand, of the capital subscribed, but the actual amount invested?—Yes, precisely.

* In the Witness's Summary of Evidence the following information is added:—

Class 14 "includes some mechanics' institutes, free libraries, &c." "Except so far as the trades unions may be said to have "for object the mitigation or prevention of industrial strife, "any tendency to that effect these various classes of societies "possess is rather indirect than direct. They afford tests of "the prosperity of the working classes, and indication of the "extent to which they have settled themselves in certain "localities, and provided against the contingencies of the "future."—G.D.

Mr. *Dale.*

1240. Subject to the qualifications you referred to?—Subject to qualification.

Duke of *Devonshire.*

1241. Will you state them?—The amount of the funds of the friendly societies, not collecting, and branches is 21,410,000*l.* The amount of the funds belonging to the collecting societies is 2,289,000*l.*; the amount of funds belonging to other societies under the Friendly Societies Acts is 451,000*l.*; the amount belonging to industrial and provident societies is 13,003,000*l.*; the amount for building societies is 50,582,000*l.*

Mr. *Mundella.*

1242. Are the collecting societies registered?—They are registered under the Friendly Societies Act for the purpose of paying burial money. Then come trades unions, including some unregistered societies, and the amount is 1,288,000*l.*; the loan societies, 267,000*l.*; railway savings banks, 1,044,000*l.* I should say that up to this point I have mentioned the figures for England and Wales only, because they belong to my branch of the office. Then add for the United Kingdom in trustee savings banks 43,685,000*l.*, and for post office savings banks 78,838,000*l.* That brings the total up to 212,861,000*l.* Then the figure which I gave before of 218,000,000*l.* is arrived at by adding one exceptional society, which does not make returns, but the amount of the funds of which I happen to have, that is the Birkbeck Building Society, which is a society under the old Act of 1836, and whose funds are stated to amount to 5,532,000*l.*

Duke of *Devonshire.*

1243. Would you just let me see that return from which you have been reading?—Yes (*handing in the same*).* That amount, large as it is, does not include many societies and classes of societies which are not required to make, or have not in fact made, any returns.

Mr. *Mundella.*

1244. Nor Scotland and Ireland?—Nor Scotland and Ireland.

1245. Cannot you give us Scotland and Ireland?—I do not recollect at this moment whether the Assistant Registrars do make a summary of that kind, I do not think they do, but I could obtain the figures for Scotland and Ireland and append them to my evidence, if desired.

Duke of *Devonshire.*

1246. But are they contained in this document?—That is my report, to which is appended the reports of the Assistant Registrars; I fancy they do not make any general summary.

Mr. *Mundella.*

1247. The figures given us exclude Scotland and Ireland, except savings banks, do they?—Yes.

1248. The savings banks are included, so that unless we have the others it would be incomplete?—Yes.

Sir *Michael Hicks-Beach.*

1249. Do your figures include the Scotch and Irish branches of the great societies?—No, those would be included in the figures for Scotland and Ireland separately.

1250. Are their funds kept separately from the funds of the whole body?—Yes, in point of fact the funds of the branches are separate funds. The amount of the central fund of the body is small in any case.

Duke of *Devonshire.*

1251. But your savings bank returns include the whole of the United Kingdom, do they?—They are for the United Kingdom. Besides the returns made to my office I show the returns to the National Debt Commissioners and the Post Office, and I have added them together to get as good an idea as we could of the aggregate savings of the working classes.

Mr. *Mundella.*

1252. You might submit to us, later on, the figures of Scotland and Ireland, and, as far as possible the figures separately, so that we may see what the savings are for Scotland and Ireland separately?—I will.

Duke of *Devonshire.*

1253. Could you provide us with those, do you think?—Certainly.

Mr. *Mundella.*

1254. Would you get them for the trustee savings banks, because we would have to get how much was due to Scotch and Irish contributions to show the savings complete in themselves, and separately?—I will do so with pleasure. (*See Appendix* LII.)

Mr. *Gerald Balfour.*

1255. When a house has actually been bought, and all the instalments due upon it paid up, it no longer appears in the returns, I presume?—It ceases to be an asset of the society.

1256. But it still represents savings of the working classes?—No doubt, but it remains in their own possession.

Professor *Marshall.*

1257. Would it be possible to ascertain what is the aggregate value of the houses that the working classes have acquired through building societies and are not named in the assets of the building societies?—I do not think that would be possible.

1258. Not even to estimate it?—Not even to estimate it, with any degree of accuracy.

Duke of *Devonshire.*

1259. Have you any figures which show what is the annual income and expenditure of these societies?—The return does not show them, but I have made some estimates, which I will lay before the Commission, with regard to friendly societies, and excluding for the present purpose the collecting societies, that is——

1260. Perhaps this would be a convenient opportunity to ask you to explain the different terms you use, such as collecting societies, affiliated societies, and I think there is another you refer to in your statement as dividing societies. is not there?—Yes.

* "Reports: Friendly Societies, Industrial and Provident Societies, and Trade Unions, 1891, Part A. [137]," p. 45. Table XVI.

Duke of *Devonshire*—continued.

1261. Will you just explain them?—With pleasure. The great number of widely differing bodies which come legally under the description of friendly societies renders it desirable to consider them in some detail. First, the ordinary village friendly society of the old type, such as were most of those which existed when Sir George Rose's Act of 1793 was passed. They are there defined as societies for raising, by voluntary subscriptions of the members, separate funds for their mutual relief and maintenance in sickness, old age, and infirmity. In 1809, however, the subscriptions of members were made recoverable, and the rules enforceable by summary legal proceedings. That is not the case now. These societies imply continuous residence in the village where the society is established, for they have no means of transferring the member to a similar society in another village, and they do not think of allowing a surrender value. In many cases they would permit a member to continue his membership on removing to a distance, and to transmit his contributions from time to time, they, in like manner, transmitting to him the benefits to which he may prove himself to be entitled. He ceases, however, to be able to take part in their meetings and occasions of good fellowship, such as were contemplated in the original Act, and the difficulties of paying his contributions and proving his claim to benefit frequently lead him to drop his membership altogether. These societies may, therefore, be said to be essentially local, and to presuppose a condition of industrial peace. They are sometimes aided by the clergy and employers of labour as honorary members, but are, to a large extent, self-supporting. They are not increasing in number, as the new registries do not keep pace with the dissolutions, and are, speaking generally, giving way in point of popularity to the branches of the affiliated orders. Possibly the greater facilities for migration which the organisation of the orders affords, and which I propose to proceed to describe, are in themselves one reason for this growing popularity. The working man has become much less rooted to the place where he grew than he was in the year 1790. Secondly, then, as to the affiliated orders and their branches——

1262. Would you just state here what is an affiliated order?—An affiliated order is a society having branches. I proceed to give the legal definition of it, which is perhaps the clearest way to define it in this memorandum which I have drawn up. It is a little difficult to give a general answer as to bodies which come under a legal definition, which includes a good many varieties of bodies.

1263. Perhaps you had better go on with your statement?—These are the largest and most active bodies with which we have to deal. The Ancient Order of Foresters had 830,720 members of all kinds, and the Independent Order of Oddfellows, Manchester Unity, had 769,503 contributing members on the 1st January of this year. These two great orders largely outnumber the others. The number of members in England and Wales of all the branches of affiliated orders, actually registered as such, and making returns, was 1,727,809, and the number of branches was 16,400; but both these figures require considerable additions, by the transfer from the list of independent societies, of societies that are not so in fact, but have not converted themselves into legal branches of the orders with which they are in fact associated. In last year alone, 499 new branches were registered, and 93 old independent societies were converted into branches. Before allowing one's mind to be led away by these very large figures, it is necessary clearly to understand what a branch really is. The legal definition of a branch is a number of the members of a society under the control of a central body having a separate fund or funds under the control of the branch itself, or its committee or officers; and a society cannot be registered as a society with branches unless it has a fund or funds under the control of its central body, to which every branch contributes. The central fund or funds, and the branch fund or funds, are thus both essentials to the legal existence of a society with branches. But that is all that the law requires, and therefore every degree of centralisation, provided there be a local fund, however small, and every degree of localisation, provided there be a central fund, however small, are consistent with the legal definition of a society having branches. Thus there are societies where the central body provides all the benefits, and the branches are only allowed to reserve to themselves a fund for the local management; and there are societies where the branches provide all the benefits and contribute to the central body only a nominal sum sufficient to defray the expenses of keeping the central office open.

1264. Then, when you speak of an affiliated society, you mean a society which has branches?—A society which has branches.

1265. You will refer directly to the collecting societies?—Yes, presently.

1266. Perhaps you had better go on and I will ask you about them afterwards?—The societies at one extreme end of the scale are little different from the collecting societies, to which I shall have presently to refer; and, indeed, it is hardly uncharitable to say that they have adopted the form of societies with branches mainly for the purpose of avoiding the operation of section 30 of the Act. This is a section expressly applied to the collecting societies; that is, societies which send round from house to house to receive the subscriptions for burial money from the members. They are altogether a separate class of societies from the ordinary friendly societies, which provide for sickness. The societies at the other end of the scale are the true affiliated orders, and it may show how weak the central tie really is to state that the criterion of contribution to a central fund was itself the creation of the Act. Before the passing of the Act the branches generally made no contribution whatever to the central funds of their orders, the whole of the central expenses being defrayed out of the profits arising from the sale of regalia and other things of that kind,

Duke of *Devonshire*—continued.

which the orders required every branch to purchase from the central body. It is a curious instance of the indirect effect of legislation that the requirement of the Act that there shall be a central fund has led to a great advance in the direction of centralisation; for the two great orders, and many of the smaller ones, being required by law to have a central fund arranged for a contribution of a halfpenny or a penny per member per annum to a fund for assisting distressed branches, and they are slowly building up a system whereby, in the long run, the orders may possibly be able to guarantee the solvency of their branches. At present that is not the case. Every branch is as financially independent as if it were a distinct society. One branch may have charged proper contributions, carefully supervised its claims, been economical in its management, husbanded and properly invested its funds, and thus accumulated a large fund; no other branch has any claim whatever on that fund or any portion of it. Another branch may have charged insufficient rates, been loosely managed, wasted its money, and thus have incurred losses, or may have been merely unfortunate, and suffered from a severe run of sickness, and thus have small funds, but it cannot call upon the prosperous branch to contribute to meet the deficiency. If the central fund for assisting branches should ever be large enough for the purpose, it may be used to meet cases of this kind, but at present it is too small to do more than give a slight relief in a few of the more deserving cases. It results from this, that the distressed branches have no sort of legal claim, either on the successful branches or on the central fund of the order. Whatever relief is given from that fund is given as a matter of discretion on the part of the board of directors of the order who administer it, and it is not given to a branch which has in any way broken the rules of the order, especially in regard to those excellent rules which the better orders have of late years adopted, requiring the branches to have proper rates of contribution for the benefits they ensure. They have also of late years claimed the power of directing the application of surplus funds in a branch. Though the result of all this is that we are on the way, by slow degrees, to a more complete centralisation, the fact remains that the present legal condition of the branches is one of complete financial independence, and that, in that respect, there is no difference whatever between a branch of an order and an independent village society. However much we may talk about the excellent organisation and the large membership of the orders, and there is no one who admires and sympathises with them more than I do, it is always necessary to remember that in essence they are nothing more than an aggregation for consultative purposes, of a vast number of small independent societies. The Act of 1875 and the decision in the important case Schofield v. Vause have enabled them to enforce terms and conditions of secession which hold the branches together for the purpose I have mentioned, but for purposes of practical finance they are in the main isolated and independent bodies. It seems to me important to make this clear before I proceed to describe the arrangements made by the orders bearing upon industrial migration. These are of two kinds; they provide relief to members travelling in search of employment, or, in the expressive language commonly used, "on tramp"; and they provide under certain conditions for the transfer of a member from one branch to another, and for the acceptance by the branch to which he removes of the liabilities of his original branch towards him, which they call "drawing a clearance." I wish to make this clear, because it is very often misunderstood. Then the orders have some elaborate arrangements, which I do not think I need go into at any length for allowing members relief when they are travelling in search of employment, and for allowing a clearance to a member from one branch to another when he removes from the neighbourhood in which he lives. Those are advantages which they have over the independent societies.

1267. In which paragraph are those?—They are in paragraphs 9 to 20 of the memorandum I sent in to the Commission (*see Appendix* LIII.). Then I proceed next to mention the dividing societies.

1268. That is in what paragraph?—In paragraph 21. The dividing societies are those in which the funds, with the exception of a small sum, are divided in the majority of cases at the end of every year, and in some cases at the end of every five years, or at the end of every seven years. Those are called very frequently in East London, Birmingham benefit societies, and in Liverpool, Tontines.* They are not Tontines, because they are the very reverse of that, really.

1269. What is their object?—Their object is to provide sick pay during the whole of the year, to provide a sum if a member dies during the year, and to divide the surplus at the end of the year amongst the members.

1270. In consideration of a certain weekly payment, the members are entitled to sick pay during the year, is that it?—Yes, and at the end of the year the balance not so spent is divided amongst the members.

Mr. *Livesey.*

1271. They are called slate clubs?—Yes, slate clubs frequently. I suppose the fact was that their arrangements were so simple that their accounts could be kept upon a slate hung up in the public-house where they met.

1272. And wiped out?—And wiped out at the end of the year, when the transactions were complete. The Tontines are so called probably because of the dividing at the end of the year, and those who survive to the end of the year

* In the Witness's Summary of Evidence the following information is added:—

"The latter name is a complete misnomer, for it is the very reverse of the scheme of Lorenzo Tonti, and offers no premium upon long life. The first name may have been correct at one time, and the class of societies in question may have been introduced from Birmingham into London, but I am not aware of any evidence as to that, and the societies in question do not flourish to any great extent in Birmingham."—G.D.

Mr. *Livesey*—continued.

getting the accumulated funds, though a Tontine has, in the general acceptation of the word, relation to a very much longer period than a single year.

Duke of *Devonshire.*

1273. Then you go on with paragraph 22?—Yes, 22.

1274. I think you have given the substance of it?—I have given the substance of it, and I need hardly dwell upon that matter (*see Appendix* LIV.). Then, possibly, the next point to take up will be the societies formed in connexion with particular employments. That is paragraph 25.

Sir *John Gorst.*

1275. It is not industrial provident societies, is it?—No, I am speaking entirely of friendly societies at present, especially of those where the employers largely contribute to the funds. When such a society applies to be registered, we have occasion to look very closely to the provisions it contains as to cessation of membership. A rule merely providing that, "on a member "ceasing to be employed at such-and-such "works, he shall cease to be a member of the "society" cannot be registered, because it would make the loss of the member's interest in the society the consequence of his dismissal by his employer, and would thus virtually enable the society to be used by the employer as a means of enforcing restrictive conditions on the conduct of his business by his workmen, which is the legal definition of a trades union. On the other hand, it may well be that, so far as regards the contributions of the employer, he is entitled to say that he only intends them to enure for the benefit of the workman as long as he remains in the employment; and there seems to be no objection to a rule, therefore, that "a member "ceasing to be employed at such-and-such works "shall cease to participate in the funds arising "from the contributions of the employers as "honorary members." Such a rule, however might give rise to practical difficulty when the funds are not distinguished, and the best plan in such a case would seem to be to make provision for allowing the member a surrender value on his retiring from the employment. The manner of calculating it need give rise to no difficulty; for in the event of a difference of opinion between the society and the member as to its amount, the question could be settled by arbitration in the usual way under the rules. In some such societies the member is allowed to continue his membership after leaving the employment, but where that is not the case, we think it necessary, before we can register a society, that some provision protecting him from loss should be made.

1276. Can you give some further description of the societies? What are they?—The societies in large industrial works where the employer contributes a certain sum, very often half.

1277. The workmen contribute a certain sum?—Yes.

1278. And the employer contributes a certain sum?—Yes, and both are put together for the

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purpose of creating a friendly society for the benefit of the persons employed.

1279. And giving sick pay?—Yes, and giving sick pay.

1280. And burial money?—Burial money, and, in some very rare cases, a pension also.

Sir *John Gorst.*

1281. Would the Railway Society be included in this category?—Yes, that is a specimen. I am speaking more particularly just now about the societies in connexion with particular works in which the relations are between the employed and the employers. Frequently the societies in connexion with railway companies are regulated by the special Act governing the railway; thereforethey hardly come under the class of these.

Mr. *Jesse Collings.*

1282. Could you give an example of one?—I think there is a case of one not very long ago established in Bridgewater—the Bridgewater Ironworks, in connexion with the Bridgewater Canal. That is, I think, a case of the kind which I recollect, having had to settle the rules with the solicitor for the society.

Mr. *Dale.*

1283. They may exist without being registered, may they?—They do very largely, and that is the reason why I dwell upon this class of society, rather to show the reason why they are not registered and the difficulties there are in the way of registering them under their present system.

Duke of *Devonshire.*

1284. Will you go on to paragraph 26 now?—Another arrangement inconsistent with registry which is very often made by societies of this class is that the funds of the society shall be deposited with the employer. The Friendly Societies Act requires that the funds of every society shall be invested upon such security as may be expressly directed by the rules of the society. Unless, therefore, the employer gives some security which can be vested in the trustees of the society, a society having a rule for depositing money with him cannot be registered. The inducement for investing money with the employer is in general that he is willing to give a rate of interest for it somewhat higher than that which prevails in the money market, and this in itself is a certain indication of weakness in the security. There is also the feeling that, their money being invested in the concern from which they derive their wages, they get a stake in it and an interest in its prosperity, which increases their disposition to labour for the common advantage of both employer and employed, and amounts to a kind of profit sharing. There is, thirdly, the consideration that all the bother of buying and selling stock or other securities is avoided, and that the accounts of the society are kept by a mere entry in the books of the employer. Whether there is any——

1285. You state that this arrangement is inconsistent with it?—It is inconsistent. We do not register it, and I was proceeding to show the charms that it has, and how it often forms

Duke of *Devonshire*—continued.

the reason why societies of this class abstain from registering. Whether there is any feeling on the part of the employer that the arrangement is a convenient one for him, diminishing his wages list and putting funds into his hands that he may find useful, I am not prepared to say. If it were so, the employer must be in a financially weak condition, and the prospects for the future of the fund must be exceedingly doubtful. The policy of the Act in forbidding the arrangement is a sound one, for it has the mischief of putting all the workmen's eggs into one basket, so that if the employer fails they lose not only their present employment but their past savings, and it places them in a position of undue dependence upon him.

1286. You say the policy of the Act forbids the arrangement. I understand it forbids registering. Is that it?—Precisely. There is nothing criminal in a society existing as an unregistered society. The only effect of a society not being registered is that it has not the advantages and privileges which the Friendly Societies Act gives to them.

1287. And what are those?—Those are very numerous in regard to the holding of property and the security of the funds, and many other matters of detail under the Friendly Societies Act, which societies find in the long run they cannot dispense with.

1288. But there are a large number which remain unregistered?—There are a large number which remain unregistered—a very large number of unregistered societies.

1289. And which are not necessarily, because they are registered, unsound societies?—They are not illegal because they are not registered, but I do not know anything about their financial condition. I presume that, as a matter of probability, one might say that it is most likely that an unregistered friendly society would not be in as sound a financial condition as a registered society. But that is only an inference.

Mr. *Mundella.*

1290. There is one thing you have omitted to state, and that is that in the case of a great many works of the best employers of the country they give a high rate of interest—5 per cent.—upon the savings of the workmen, in order to encourage thrift amongst the workmen. Is not that so to your knowledge?—If they did that without giving any security which can be vested in the trustees of the friendly society they would prevent such a society being registered.

1291. Take a case in point. Take the South Metropolitan Gas Company, which has bonuses, and there is a very large sum invested?—Is not that a Company which is in a position to give the members of the society some security?

Mr. *Livesey.*

1292. No, not by Act of Parliament?—It is not registered, is it?

1293. No?—That is a case where it is not registered for that very reason.

1294. The Great Eastern Railway Company got an Act of Parliament enabling them to take

Mr. *Livesey*—continued.

their workmen's savings, but in our case the Company simply receive their savings and allow them a certain interest upon them. I think they are very safe?—No doubt. It is an arrangement which may be very excellent, but which would debar the society from registry.

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1295. The next paragraph deals with the cases of the public companies and railway companies, &c.?—Where the employer is a public company, such as a railway, and can give security by way of debenture or otherwise, such as trustees are authorised by statute to accept for trust funds, the difficulty as to investments is avoided. The railway companies have mostly provided in their private Acts for savings banks and provident societies for their workmen, and though most of their statutes give certain authority to the Registrar of Friendly Societies it will be better to consider them separately. Though the companies have shown every disposition to deal liberally with their workmen it is worthy of remark that the friendly societies connected with two of the larger companies became failures, such as the Great Western Railway Company and the Great Eastern Railway Company. It is also to be noted that I have found it to be my duty to proceed against the friendly society connected with the New River Company for failure to make returns. Indeed, the societies in connexion with great undertakings, such as the East and West India Docks, form no exception to the general rule that friendly societies, especially when they deal with infirmity arising from old age, tend to promise more than they can perform. It is difficult to get men to understand how large a provision is required to enable a society to make any adequate allowance to its members by way of superannuation. What deludes the members is the long postponement of the claims.*

1296. When you say you proceed against a friendly society, in what manner do you do so?—For failing to make the annual return required by Act of Parliament to my office. I prosecute a number of societies every year for that failure, and one of the societies which I had to prosecute in the present year was the society connected with no less important a body than the New River Company. I had great difficulty in getting the return out of them.

1297. What were the consequences?—They were fined a penalty, I think, of 1*l.* and costs.

* In the Witness's Summary of Evidence the following information is added:—

"What deludes the members is the long postponement of the claims. They agree to a certain deduction from their wages, or to pay a certain sum, which the board of directors or the firm agree to meet by an equal sum, and they overflow with gratitude to their employers for their liberality. All things go well, funds accumulate, they imagine the society to be very wealthy, possibly they increase the benefits to sick members. The time for valuation comes, or if the society is not a registered one, some member urges that an actuary should be consulted, and thus a great deficiency is found to exist. Who is to bear it? The directors or the firm have become familiar with the idea that they have been most liberal in their benefactions, and to give more seems to them to be almost prodigal; the members take the opposite view. What is to be done?"—G.D.

Duke of *Devonshire*—continued.

That is the usual penalty. The penalty is not exceeding 5*l.*, but the magistrates usually inflict a penalty of 1*l.* and costs.

1298. On the society?—Yes, on the society.

1299. That does not appear to be a very oppressive proceeding, does it?—It is sufficient to enable the returns to be got in year after year with great punctuality. Upon the whole, I do not desire to have more power in that respect than I possess.

1300. But you only have the power to proceed against societies which are registered?—Societies which are unregistered do not make returns. We have nothing to say to societies that are not registered. That is possibly one reason why many societies are not registered. They do not like the trouble of making returns, and do not like being proceeded against when they fail to do so. Then I proceed with paragraph 31. Societies of this class often seek also to make contributions to them compulsory upon all workmen who enter the employment of the company or firm with which the society is in connexion. A rule of this kind cannot be registered for two reasons. First, it is contrary to the Friendly Societies Act, which provides that contributions are to be voluntary. Second, it is not really a rule of the society, which can consist only of such persons as become members of it, but is a condition of employment applicable to all persons who enter upon the employment, and is enforceable only by dismissal from the employment. In these societies, also, provision is often sought to be made for deducting the contributions from the wages of the employed. Hitherto, registry has not been refused to a provision that the member might direct his contribution to be deducted from his wages, an arrangement of obvious convenience, where entered into with the consent of both parties. A recent decision, however, that such an arrangement is in contravention of the Truck Act, will have to be considered in future cases. Where, as is necessarily the case in a registered society, the amount deducted is actually received by the treasurer of the society, and paid in by him to the credit of the trustees in the savings bank or other investment in the manner directed by the rules of the society, there can be no objection to this arrangement in principle. It is not obnoxious to any of the mischiefs the Truck Act was intended to remedy. Where, however, the deduction is on paper only, and the fund remains in the hands of the employer, exposed to all the risks of his business, it may be that the workmen will in the long run profit, by obtaining from him a higher rate of interest than could be obtained from a legal investment, but they will do so at the risk of loss if the business should ever become unprosperous. The result of these restrictions on the registry of societies consisting of employer and employed is that a number of such societies exist without registry, and must therefore have a strong influence in the preservation of industrial peace, inasmuch as they leave the past savings of the employed and the prospect of his future pension or other allowance very much at the mercy of the employer whom he cannot afford to offend. I am far from suggesting that they are devised with a view to that result, but that it flows naturally from their constitution. Registry has the effect of making the tie weaker, for the reasons which I have given.

1301. Then, is it your opinion, that there are some advantages in such societies not being registered?—No, I should prefer to have every society registered, and, if need be, that is, if it be shown that there is anything in the Act which prevents societies being registered that ought to exist and do good, I should rather relax the Act than refuse registry to the societies, but for the reasons which I have attempted to give I do not think the Act should be relaxed in these particular circumstances. I would rather see societies amend their practice so as to bring it within the purview of the Act, if they could be persuaded to do so. Then I proceed to mention in paragraph 35 cases where shop clubs consist of the employed alone, without help from the employers. These are usually of the dividing class, and this is a striking indication that the workman sees that the establishment under such conditions of a permanent society would tend to deprive him of his freedom of action. These also are to a very large extent unregistered, partly because the possibility of registry given them by the Act of 1875 has not become generally known to them, partly because nothing has occurred to make them feel the want of registry, partly because their plan is so simple, resembling that of the old slate club, that they do not care for the trouble of framing rules that can be registered, making returns, and so forth. I suggest that I should very much like to see some arrangement by which small societies not requiring elaborate rules might be admitted to the benefits of registry without complying with all the formalities prescribed by the statute, and the regulations made thereunder. I have not seen my way to do it, because the statute and regulations stand in the way, but at some future time, when the Act comes to be reconsidered, I should like to see provision made for a vast number of small concerns and saving clubs of every kind, to whom the mere preparing and printing and circulating of elaborate rules is really one reason why they do not avail themselves of the advantages of registry. Then I proceed to mention another variety of this class of society. That is those formed in connexion, not with a particular company or firm, but with a particular branch of trade or industry, such as the Stationers, the Gardeners, the Farriers. These take the place, to some extent, which was occupied in ancient times by the City guilds, but without their coercive powers. They lie midway between the ordinary local friendly society and the trade union. It is possible that, becoming registered at a time when trade unions were considered unlawful, some of them may have had among their real but undisclosed purposes those of a trade union. If that should be so, their registration became void by virtue of the Trade Union Act of 1871; and the probability is, therefore, that if it ever was so they

Duke of *Devonshire*—continued.

have grown out of and disused their trade union purposes. Many excellent societies of this class are largely supported by the donations of the public, as, for example, the Law Clerks Provident Institution, and others. Though associated with particular trades, they have, I think, little influence on the relations between employers and employed. Then I proceed to mention the collecting societies.

1302. How do these societies of which you have just spoken differ from the ordinary friendly societies?—Only by being in connexion with a particular trade, and by being largely supported by the honorary subscriptions and donations of persons who are interested in that trade. But in other respects they are quite the same as an ordinary friendly society.

1303. And are these societies, generally speaking, registered?—Generally, I think so.

1304. Now you speak of the collecting societies?—Yes. As to the collecting societies. I consider them to be separated by a wide distance from all other classes of friendly societies. They are now almost exclusively devoted to the insurance of burial money, and the 3 318,942 members, which 35 of them are able to number, are largely composed of infants admitted from their very birth.

1305. What is the meaning of the name collecting societies?—Collecting society is the short term which we use to express the definition given in section 30 of the Act to societies to which that section applies. This section applies only to such friendly societies, whether registered or unregistered, and industrial insurance companies as receive contributions by means of collectors at a greater distance than 10 miles from the registered office or from the place of business of the society or company. They are the societies which send round agents to the houses of the poor, and receive from them small sums which are entered on a card and deposited with the governing body of the society.

Mr. *Livesey*.

1306. Like the Prudential?—The Prudential is the largest industrial insurance company as defined by the Act; it is not a friendly society. The principal collecting friendly societies are the Royal Liver, the Liverpool Victoria Legal, the Royal London, and others. Their accumulated funds are only 2,289,858*l.*, or 13*s.* 11*d.* per member, while the members of the 22,313 other friendly societies and branches, with 3,861,519*l.* members, have 21,410,563*l.*, or 5*l.* 10*s.* 11*d.* per member, a fact of itself sufficient to show that the two bodies have nothing really in common, and ought to be considered in all respects separately. I should myself be glad to see them dealt with under separate Acts of Parliament. The collecting society, large as it is, and wide as its ramifications are, has no effect on industrial warfare. Then there is the curious circumstance that among agents and canvassers of collecting societies two or three trades unions have been formed to look after their own interests as against their employers.

Duke of *Devonshire*.

1307. You speak of their not having any effect on industrial warfare, and by that you mean that they have no effect upon industrial questions at all, is that so?—None at all.

1308. Not on the relations existing between the employer and employed?—All they have to do is to insure a small sum at the death of a member, and a very large proportion of the members are children or infants admitted from birth. I think that goes through the principal divisions of the friendly societies proper. I do not recollect any other that I have omitted.

1309. Now you go on to benevolent societies?—Benevolent societies are the second class with which we have to deal. They include many of these societies connected with particular trades, which do not limit the benefits they offer to such persons as have been subscribers to them. Such are the many pension societies largely supported by the charitable public. Some have the system of voting, which seems so equitable and yet possesses so many objectionable features. Working men's clubs, in like manner, need only be mentioned in so far as they afford opportunities to the working man for the discussion of questions affecting his interests. These are numerous, especially in London, and are displaying considerable political activity. A club cannot be registered with an avowed political object; but as many clubs which do not avow any political object indicate by their names and other circumstances that they have a strong political bias, there remains the doubt whether this restriction does anything more than impose upon them a certain hypocritical reservation.

1310. With what object would the working man's club be registered at all under the Act?—They were registered originally under the Act of 1855, under a power which was given by that Act to the Secretary of State to allow any societies that he thought desirable to be registered under it, and when the Royal Commission which sat before 1875, upon whose recommendations the Act of 1875 was mainly based, found that that state of things existed they were not prepared to recommend that the registry should be discontinued, and therefore they recommended that special provision should be made for working men's clubs in the Act of 1875. In section 8, sub-section 4, they are defined as societies for the purpose of social intercourse, mutual helpfulness, mental and moral improvement, and rational recreation, but in point of fact, except for that reason, I do not suppose that anybody would think that they ought to come under the Friendly Societies Act. They provide no sort of insurance, and the idea of insurance is the main idea in connexion with friendly societies.

Mr. *Dale*.

1311. Have not any such clubs been actually registered?—Yes, a great number.

1312. What is the inducement?—They get the security for their funds, which is the main inducement for registry under the Friendly Societies Act, and they get also the power to hold land. If they were not registered they would have no power to acquire their own

Mr. *Dale*—continued.

premises in the name of the trustees as for the society, but would have to employ trustees as individuals.

Duke of *Devonshire*.

1313. Do you now proceed to speak of specially authorised societies?—Yes, those societies take the place of those which were allowed to be registered under the authority of the Secretary of State, which I was just speaking of, and there are two such classes of specially authorised societies, which would interest this Commission, I believe. One is the societies for the purpose of providing relief to members out of employment, and the object of those societies——

1314. I am not quite certain, but do I understand that the Treasury have any authority now?—Yes, that is under sub-section 5 of section 8: "Societies may be registered for any "purpose which the Treasury may authorise as "the purpose to which the powers and autho-"rities of this Act ought to be extended, herein "called specially authorised societies," and a number of special authorities have been granted amongst them, there being this one to provide relief to members out of employment. The objects of the societies go a little further than that of providing relief to members travelling in search of employment, to which I referred when speaking of the affiliated orders, but not so far as a trades union. They do not seek to regulate the relations between workmen and masters, or between workmen and workmen, or to impose restrictive conditions on the conduct of any trade or business; but they go a little further than the allowance of a trifling sum to a member on tramp. They seek to provide their members with substantial relief to themselves and families in the event of their falling out of work for any cause not their own fault. The classes of the working community among which specially authorised societies for out of employment benefit are established may be indicated by the following list of 10 founded within the last three years:—

1. Portsmouth South of England Grocers Assistants.
2. Shop Assistants National Sick and Out of Employment.
3. Hope Auxiliary Winter Fund of Painters and Glaziers.
4. Scientific Dress Cutters.
5. Liverpool, Birkenhead District, Assistant Pawnbrokers.
6. National Society of French Professors in England.
7. Shirt Cutters.
8. Gentlemen's Servants.
9. Bankers, Assurance, Solicitors, and Commercial Clerks.
10. South Side of the Thames Foremen.

Several of these societies provide friendly society benefits, *e.g.*, sick pay and funeral money, as well as relief when out of employment; but they do so at a disadvantage when compared with the ordinary friendly society, inasmuch as they have all the responsibilities of he latter, without the special privileges which

Duke of *Devonshire*—continued.

pure friendly societies enjoy over specially authorised societies. I did not read the rule, because it is a little technical; that is the rule, which is to be inserted which specifies what those privileges are.* When they have friendly society objects as well, they are required to make valuations, but prohibited from making payments on death without certificate, or, in the case of children, without the precautions required by section 28 of the Act; but they are not exempt from stamp duty, and have no priority in the death or bankruptcy of officers. From the last published returns relating to societies of this class, it appears that the Liverpool Clerks' Association, established in 1883, had 3,067 members, and funds, 24,680*l.*; the Manchester Warehousemen and Clerks' Provident Association, established in 1880, had 2,186 members, and funds, 15,701; the London Suburban Railway Officials' Association, established in 1873, had 150 members, and funds, 3,180*l.*; the Metropolitan Foremen Tailors, established in 1880, had 303 members, and funds, 3,020*l.* [this society showed a considerable deficiency in its valuation]; the Northampton Artisans and Labourers, which was established in 1842, had 2,706 members, and funds, 15,677*l.*; the Birmingham District Clerks, established in 1883, had 235 members, and funds, 230*l.* Though some of these societies appear to be in a fairly prosperous condition as to their accumulated funds, they are none of them very large, and while their benefits are no doubt very valuable to their members, they do not materially affect the industrial condition of the districts in which they are established. Another special authority, granted two days after the former (22nd March 1877), has a certain bearing on industrial relations. It is for "protecting "and defending members of any lawful trade "or calling against frivolous, vexatious, or "malicious prosecutions, and in cases of robbery "and other crimes affecting them, legal or other "assistance for the detection and prosecution of "the offenders." Some of the societies mentioned (for example, the South Side of the Thames Foremen) are under both authorities; but the number registered under the latter one is very small, and their operations are restricted. Societies of the kind have been formed

* This rule is given in the Witness's Summary as follows:—

"The following is the rule to be inserted in Rules of Societies registered under Special Authority of March 20, 1877 (Out-of-Employment Benefits).

"The Society is subject to the provisions of the Friendly Societies Act, 1875, except so much thereof as relates to annuities (section 11, sub-section 5); appeals from a refusal to register a society or any amendments of rules (section 11, sub-section 8 and 9, and section 13, sub-section 3), or from cancelling or suspension of registry (section 12, sub-section 4 and part of sub-section 5); the provisions to be contained in rules (section 13, sub-section 1); quinquennial returns and valuations (section 14, sub-section 1, e, f, and part of Schedule II.); certificates of death (section 14, sub-section 2, and section 15, sub-section 9); exemption from stamp duty (section 15, sub-section 2); priority on the death, bankruptcy, &c. of officers (section 15, sub-section 7); copyholds (section 16, sub-section 6); the amalgamation or transfer of engagements or the dissolution of friendly societies (section 24, part of sub-section 8, and section 25, sub-section 1, e, and sub-section 7, and part of Schedule II.); the limitation of benefits (section 27); payments on the death of children (section 28); societies receiving contributions by collectors (section 30); cattle insurance and certain other societies (section 31); and keeping separate accounts (part of Schedule II.)."—G.D.

Duke of *Devonshire*—continued.

among cabmen and omnibus and tramcar men, and among dairymen, licensed victuallers, and other like trades. That concludes what I have to say about societies registered under the Friendly Societies Acts. I have some notes here about societies under the Industrial and Provident Societies Act of 1876, but the Commission got so much evidence on that subject, and at first hand, yesterday and the day before, that possibly it is hardly necessary for me to read my notes on that point (*see Appendix* LV.).

1315. Are they co-operative societies registered in your office ?—Yes.

1316. Under the Act ?—Under the Industrial and Provident Societies Act, 1876.

1317. And what advantages do they obtain from registry ?—The same as those of friendly societies. In point of fact, the Act is almost in the same words, *mutatis mutandis*, as in the Friendly Societies Act, with the additional advantage of incorporation—in itself a very great privilege.

1318. I think you said that you had made some estimates about the annual income and expenditure of the friendly societies ?—Yes. I took the independent societies and the affiliated societies separately, and in regard to the independent societies, I estimated the amounts of the contributions of members as 1,707,000*l.*, and their other receipts, including interest, fines, and other matters of that kind, as 410,000*l.*, making a total of 2,117,000*l.*

1319. These are the independent societies ?—The independent societies. Then, on the other side, the benefits they grant are 1,596,000*l.* Their expenses are 195,000*l.*, and the amount they have saved in the course of the year was 326,000*l.*, which balances the 2,117,000*l.* on the other side.

Mr. *Dale.*

1320. Is this for some recent year ?—This is an estimate which I have prepared from the last published returns, corrected by the returns prepared for Mr. Chamberlain last year, and it is as nearly accurate as I can make it.

1321. Representing the operations of a single year ?—Representing the operations of a single year. We are preparing the detailed return for the year 1891, but that is not sufficiently ready to use it yet, and these returns—estimates—of mine will be subject to correction by that return, when it is published, but I fancy they will not very largely differ. Then for the affiliated orders in like manner, the contributions are 3,024,000*l.*, other receipts 531,000*l.*, total 3,555,000*l.*; benefits 2,681,000*l.*, expenses 449,000*l.*, saved on the year 425,000*l.*, total 3,555,000*l.*, as before. Then the total of the two, that is, the ordinary friendly societies and their branches, including the affiliated orders, but not including the collecting societies, is, contributions 4,731,000*l.*, other receipts 941,000*l.* and total 5,672,000*l.*; benefits 4,277,000*l.*, expenses 644,000*l.*, saved 751,000*l.*, total 5,672,000*l.*, as before.

1322. Those are the figures relating to what ?—Relating to purely friendly societies, including the affiliated orders, but not including the collecting societies, nor any of the various classes of societies, such as the benevolent and working men's clubs, or any of those.

Mr. *Dale*—continued.

1323. You said that these societies had a direct connexion with the industrial population, and represented the savings they had accumulated but you would not put those figures you have just mentioned as representing the whole of the savings of the working classes ?—Not at all; merely such portion of their savings as they have invested in registered friendly societies for the purpose of providing sick pay and funeral money, and of course including in those registered friendly societies only such as make returns. I have no knowledge of those which do not make returns, except when I have to prosecute them and recover a penalty from them.

Mr. *Bolton.*

1324. Still they are registered societies ?—Still they are registered societies, and some allowance ought to be made for the facts relating to them.

1325. Table 16 in your report, which you referred to in the beginning of your evidence, includes the number of members of friendly societies, collecting societies, other societies under the Friendly Societies Acts, industrial and provident societies, building societies, trade unions (including some unregistered), loan societies, railway savings banks, trustee savings banks (United Kingdom), and post office savings banks ?—Yes.

1326. And the amount of funds given would include pretty nearly the whole of the savings, and something more than the savings, of the working classes ?—They include the savings of many persons who deposit in savings banks, and who would not properly be referred to as the working classes.

1327. You could not give the Commission any estimate of what, in your opinion, the savings of the working classes in the United Kingdom amount to in a year ?—I am afraid it would be impossible to give any trustworthy evidence. It depends upon so many particulars, as to which there really is no authentic information to be obtained. I should like to proceed a little further into detail in regard to this matter of the annual income of the friendly societies, if the Commission pleases. From the point of view of the average contribution of each member I think it is interesting. I find that in the affiliated orders the average contribution is 1*l.* 11*s.* per annum, 1*l.* 7*s.* for benefit and 4*s.* for management. I will, just in passing, mention as a curious circumstance that that happens to be the exact average of the contributions of members to a series of 25 of the largest trade unions, which I have taken out and propose to put in later on (*see Appendix* LVII.). It is a curious coincidence, because the disposition of the money in a trade union is very different from the disposition of the money in a friendly society. But it does happen that the contributions of members to the affiliated orders and the contributions of members to the selected body of

Mr. *Bolton*—continued.

large trade unions happen to be the same figure 31*s*. But when we come to look to the contributions in the independent societies they are very much smaller than the average. Indeed, the mechanical average (which is simply worked out by dividing the contributions by the number of members) is only 15*s*. per member, or less than half that of the affiliated orders. But that has to be corrected from two points of view. First of all the mechanical average does not give the real state of the case unless you exclude from consideration the extreme cases, and there are extreme cases at both ends of the line. If the contributions are shown in the shape of a diagram, it would be seen that the main stress lies very much higher than 15*s*., something more near 18*s*. 6*d*. It also has to be corrected from this consideration, that among the independent societies there are a vast number of societies for burial alone who do not insure sick pay at all, and therefore they ought to be excluded from consideration before you take the average for the general body. But taking all these things into consideration I do not think that the average contribution per member in the independent societies is very much more than 1*l*., and therefore it shows, I think, that the independent societies want very much to screw up their contributions, and that explains the circumstance that the independent societies show up in their valuations not nearly so well as the affiliated orders do. The independent societies, being scattered all over the country, have not learned by experience the necessity of raising their contributions to the extent that the affiliated orders have. And it shows something more, I think. It shows that the independent societies belong to a rather lower stratum in general. I am only speaking of very broad averages. They belong to a rather lower stratum in wage-earning power, we will say, of the population, than the members of the affiliated orders belong to. They are not able to afford quite so much as the members of the affiliated orders can afford. I have no information to give as to what relation that 31*s*., which is the average that the affiliated orders pay, and is the amount to which independent societies ought to screw up their own payments, has to the earnings of the classes concerned. I suppose, speaking just from one's general impression, it would be something like, perhaps, a week or a week and a half's pay of the persons employed. I suppose that the class who belong to the affiliated orders are a class to which the upper 25 per cent. of the working class belong who earn 30*s*. a week or more. Therefore, we might estimate it as something like a week's pay which they pay to their friendly societies for sickness and death. It does seem to me, looked at in that light, that there would be room for the ordinary member of an affiliated order to pay, say, another week's pay, in order to get himself a pension in his old age. I do not think that one week's pay is really the extreme measure of what a man ought to be able to afford to provide for the future. I am inclined to think, from that point

Mr. *Bolton*—continued.

of view, it makes it very practical for the friendly societies, if they will only take up the question earnestly, and really mean to do it, to require their members to save a little more for the purpose of providing for old age. It seems to me that the great fault of the friendly society system at present is the attempt to provide for old age by a kind of subterfuge, calling it reduced sick pay, and pay for infirmity, and that kind of thing, instead of which their proper course would be to say, "Our object as "a friendly society is to provide for such "sickness as happens to a man when he is "able to work, when he is in the full enjoy-"ment of his bodily powers. It is the business "not of our sick fund but a pension society, "which may be established in connexion with "us to provide for old age," and they should resolutely and sternly shut their sick funds to claims for old age simply.

1328. When, according to the ordinary rules, does a member of a friendly society cease to be entitled to benefits?—Never, according to the great majority of rules. The societies are very few which actually exclude a member from further claiming sick pay at a given age.

1329. They do undertake practically to pay sick pay?—They do undertake to pay sick pay during the whole of life, and practically that comes to this, that it is a pension. The man is unable to work, and perhaps he has a little touch of illness which is sufficient to salve his conscience in claiming, and to excuse the generosity of the members in granting to him relief, when it is really old age which deprives him of the power to work. The friendly societies, I think, ought to face that question, and to say, "That is not the thing which we are "providing for. If you want to provide for "that you must pay for it by a separate contri-"bution, and you must pay for it to a pension "fund, and not the sick fund."

1330. You have given us your estimate of the average amount of the contributions of the members of the independent and affiliated societies, and you know pretty accurately the actual number of members of each?—Yes.

1331. And I suppose it has not been your business to make any estimate of the proportion which the members of these societies bear to the total number of industrial labourers in the country?—No, I asked the question of my friend, Mr. Giffen, the other day when I met him, whether he could help me to anything like an estimate, and he said he had never ventured on anything of the sort, and I am sure where he has failed I should be very sorry to tread. He said, probably speaking, roughly something like 7,000,000 might be taken as the industrial male population of the country. Well, if that be so, really it looks as if, in one shape or another, a very considerable proportion of the industrial male population are insured in friendly societies or trade unions. You see we have in the registered friendly societies, not including collecting societies, 3,861,519 members. Of course, some may overlap, and be members of more than one society. There are many, for instance, who

Mr. *Bolton*—continued.

are members of both the affiliated orders, Foresters and Oddfellows, &c. But, making all allowances for them, we have, at any rate, more than 3,000,000 of members in the registered friendly societies which make returns. Now, if it be a fact, as the Commission of 1874 thought it was (and I daresay they are correct), that the unregistered societies are as large in extent as the registered societies, we should have to add another 3,000,000 for those. If you add to those the members of the trade unions who are not also members of a friendly society (I do not know how many they may be, but there must be some out of the 871,000 members of trade unions), you get a very large population indeed who are members in one shape or another of a friendly society or trade union, and who are providing by their own exertions for sickness, and a small sum for funeral expenses at death. It would look as if there was really merely a kind of residuum left of those who are in uncertain work or otherwise, and are not able to insure in some shape or another.

1332. Would the numbers you have given include the members of the co-operative societies? —No, I was speaking entirely of those who were insured for sick pay and for funeral money; and I confess that I am so startled by the result that I give it with the utmost possible reserve.

Mr. *Livesey.*

1333. Many of them are in two or three societies?—Very likely indeed.

1334. And those who are in unregistered societies are sometimes also in registered ones? —Very frequently. They overlap very much.

Mr. *Gerald Balfour.*

1335. Some trade unions give no benefits, is it not so, and ought not to be described as friendly societies at all?—Quite so.

Duke of *Devonshire.*

1336. Is there anything you wish to add before I ask the other members of the Commission?—I have a number of notes with regard to other classes of societies, the benefit building societies, &c.; but probably the Commission would prefer at the present stage to keep my evidence within the limits of what I have said. I may put in this return of 25 principal trade unions, as it happens to be later information than contained in Mr. Burnett's last Blue Book (*see Appendix* LVII.).

1337. What is that a return of?—It is a return of 25 of the principal trade unions. I may, perhaps, mention what the result of it is. It is a schedule of 25 of the larger trade unions, with a summary which gives the total number of members as 550,926, and the yearly contributions from members is 853,535*l.*, or, as I just said, 31*s.* per member. Of this contribution, 21*s.* 1*d.* goes for benefits, 6*s.* 6*d.* is expended, and 4*s.* 3*d.* saved. During the last two years

Duke of *Devonshire*—continued.

201 trade unions have been registered. The total number registered in the 19 previous years was only 533, an average of 28 per annum, the proportion of trade unions which ceased to exist in a few years being very large. Then I have also, which I will ask leave to put in, an abstract of the trade union returns for the present year.* With regard to the 107 mentioned as not having made a return, I am taking proceedings against them with a view to enforce the provisions of the Act.

Mr. *Dale.*

1338. Do the rules of the friendly societies relating to registration contain distinct scales of contribution on the part of members and scales of benefit allowance, or are those reserved for resolutions?—They are required to be inserted in the rules.

1339. Does your department take any responsibility for the adequacy of the contribution in relation to the provision?—No; the only qualification necessary to that answer is that, in case where a certain annuity is to be insured, we are required to see that it has the certificate of a qualified actuary before we register the rules.

1340. Can you give us the words of the Act? —The words of the Act [which is 38 & 39 Vict. c. 60. s. 11 (5)], are: "No society assuring to "any member a certain annuity shall be entitled "to registry unless the tables of contributions "for such assurance certified by the Actuary to "the Commissioners for the Reduction of the "National Debt, or by some actuary, approved "by the Treasury, who has exercised the pro-"fession of actuary for at least five years, be "sent to the registrar with the application for "registry." In that case we take no responsibility, but we see that an actuary has certified that the rates are sufficient.

1341. An official actuary?—Not an official actuary, but an actuary employed by the society, who has previously been approved by the Treasury, and whose certificate we may accept.

1342. Have you any view yourself as to whether the provisions of that clause should be extended to an actuarial certificate of the sufficiency of contributions for benefits in other cases than those of annuities?—I think that the reason of the statute is that an annuity is a distant payment, and a payment that is absolutely certain. The sick pay is a matter very much more of management than of rates of contribution; and I think upon the whole that the policy of the statute is wise, which leaves the rate of contribution for sick pay to be determined by each society upon its own responsibility, and upon such advice as it itself thinks it worth while to get, and does not put upon any official body or person the responsibility of saying that the contribution is sufficient.

1343. You do not impose, any obligation to obtain actuarial valuation from time to

* See question 1401.

Mr. *Dale*—continued.

time?—Yes, every five years, by the 14th section, and the 1st sub-section, sub-heading (f)., "Once at least in every five years, either "cause its assets and liabilities to be valued "by a value to be appointed by the society, "and send to the Registrar a report, signed "by such valuer, and which shall also state "his address and calling or profession, on the "condition of the society, and an abstract to be "made by him of the results of his valuation, "together with a return containing such information with respect to the benefits assured "and contributions receivable by the society "and of its funds and effects, debts and credits, "as the Registrar may from time to time require, or send to the Registrar a return of the "benefits assured and contributions receivable "from all the members of the society, and of "all its funds and effects, debts and credits, "accompanied by such evidence in support "thereof as the Chief Registrar prescribes."

1344. And if that were not furnished?—We should proceed to enforce it.

1345. But having received it, your only duty is to file it?—To file it, and to publish the contents of it in our periodical report.

1346. If that should exhibit a deficiency, what notice, if any, would be taken by the department?—No official notice; but as a matter of fact, the actuary always does communicate with the societies, and ask them, as a matter of information, what they are going to do to meet deficiency, and says, "I consider it a very "serious thing, well worthy of their considera-"tion," &c., but we have no official function in regard to that at all.

1347. The figure of 218,000,000*l.*, of which you afterwards gave the detail, is what are called in the table "Amount of funds." From whence do you derive that? Do you extract it from balance sheets rendered to you?—From the annual returns.

1348. The return not being of the nature of a balance sheet from which you extract it yourselves, but of a form which appears at the head "Amount of funds"?—It is the prescribed form, but the form is that of a balance sheet.

1349. That which therefore appears as "amount of funds" would, in case there was liquidation, really represent the liabilities?—The other side represents the liabilities. The "amount of funds," together with any deficiency if any, in the funds, would make the total of the liabilities.

1350. I rather supposed that the funds would refer to obligations of the society appearing on the debtor side of their balance sheet, to their members, of course?—Where there was not a deficiency of the funds. If any of the funds have been lost, the society would be liable for more than it possessed.

1351. Would the "amount of funds" then represent the amount of the society's liabilities?—No, it represents the society's assets.

1352. As valued by them?—As valued by them, using the term value not in the sense of the quinquennial valuation, but merely in the ordinary sense.

Mr. *Bolton.*

1353. Would not that sum rather represent the contributions, less the payments?—No, it represents the results of the contributions less the payments. It is what is left behind, the funds which actually remain in the hands of the society at the end of the year.

1354. Does it represent the funds which actually remain, or the balance after paying out the claims? Is not that rather the amount that has been paid into the society, less the sums that have been paid out with the costs?—Yes, precisely.

1355. So that it does not necessarily represent the funds at the command of the different societies. It represents the amount that ought to be there?—It represents the amount which the society actually possessed on the 31st December, but without taking into consideration any accruing liabilities which might be charged against the society.

1356. Investments have been made?—Those investments are included in the funds.

1357. But suppose that any of those investments had fallen in value, are those investments reduced accordingly?—Not necessarily.

1358. Therefore, it represents simply the sum which has been paid in, less the claims that have been satisfied?—In general, it does.

Mr. *Tunstill.*

1359. Are these friendly societies open to workers of both sexes?—Not generally; the great bulk of them are male societies. There are female societies and there are also mixed societies, but the great bulk of the societies are male societies exclusively.

1360. Then the estimate of 7,000,000 workers really applied mainly to males?—To males. The females insured in Friendly Societies are relatively not numerous.

1361. Do you exercise any audit power in regard to these accounts?—No, simply to examine that the returns are in proper form, and that they apparently balance, and are duly signed by the auditors of the society.

1362. That you do?—We look to that.

1363. Beyond that you do not feel that you have any responsibility?—We have no responsibility whatever.

Mr. *Livesey.*

1364. You have said a good deal about the advisability of registration as applying to benefit funds of companies and corporations which are not registered. What would be the special advantage of these being registered?—The advantages, I take it, are rather to the members as against the body who manage the society. When once a society is registered, the members have rights of inspecting the books, rights of applying to my office for an official inspection, if they want it, rights of managing their own affairs, and seeing that their trustees duly invest the funds, and calling upon the treasurer

Mr. *Livesey*—continued.

to render an account, and matters of that kind, which a member of an unregistered society would find great difficulty in doing.

1365. The members, in fact, have practically no power in an unregistered society of investigating accounts or taking any share in the management?—I take it for granted in an unregistered society the managing officials might practically snap their fingers at the members if they attempted to interfere in any way. The Friendly Societies Act gives the members of registered friendly societies a very considerable power in that respect.

1366. Then you said something about a workman engaged by a firm or a corporation being a member of the friendly society or benefit society so long as he is in their employ; when he leaves he ceases to be a member. I think you said you considered he should have a right to receive the surrender value of his contributions?—Yes.

1367. Take the case of a society in connexion with a public company. The member subscribed so much a week; we will take it at 3*d.* a week, for sick and burial benefit, and the firm subscribed a sufficent amount to make the fund what is termed financial. It is found in a case with which I am acquainted that 3*d.* a week by the members with the addition of about 2*d.* by the employers is sufficient to meet all the liabilities and all the claims In that case surely there would be no surrender value when the man leaves?—Because the man has paid so much less than he should have paid?

1368. Yes?—In that case, what really was the nature of the gift by the company? Did they mean it to be a gift which was withdrawable by themselves? If their gift was merely in order to make the society solvent and to supplement the contribution of the member by a contribution from themselves which the member had, in fact earned, I do not see why they should withdraw that gift because the member withdraws from their employment. They may fairly say, "We will not give you any more." But why should they call back that which they have already given, I confess I do not see. It seems to me that the two contributions together were both, in the case supposed, virtually contributions by the member himself. That is to say, the company chose to make a gift to the member, and he chose, under an arrangement with the company, to apply that gift in a particular way. If so, I think a surrender value would be created even in such a case as that.

1369. So that, seeing that 5*d.* is required to meet the claims, you would take it that that 5*d.*, under the circumstances, gives the workman a claim for a surrender value of whatever it may be?—5*d.*, I take it, is the contribution necessary to enable the society to be a substantial society and not merely to meet the accruing claims of the year as it passes, but also to save up something for the future.

1370. Ah! but that is not the case I am speaking of?—May I ask an explanation?

Mr. *Livesey*—continued.

1371. The amount is made up year by year. The company, for instance, pay what is necessary half-year by half-year to meet all claims?—In that case no question of surrender value arises at all. The man has no interest whatever, and there is no loss to him if he ceases to be a member of the society at any moment.

1372. You said something about superannuation, that you thought it would require a payment equal to that which is required for sick benefit to provide a superannuation allowance?—That, of course, was only a very rough statement. It would depend entirely upon the age at which the superannuation allowance was to begin, and upon the present age of the members. That would be a matter of actuarial calculation as to what was necessary. But I take it rather from the point of view of what the man ought to be able to save, and it did strike me that if it be assumed that he saves, say, a week's pay, or thereabouts, for the purpose of sick pay, he might very fairly be asked to save something like the same amount for the purpose of superannuation, and so to solve the question of old age pensions.

1373. Would you approve of companies such as railway companies, and other firms of that kind, providing a superannuation fund for their workmen on the same terms and under the same conditions as they do sick funds?—Oh, yes.

1374. The workmen contribute so much, and the firm or company contribute so much?—I think it would be most desirable if they would do it.

1375. Then about the company or firms receiving their workmen's savings; I think you seemed to say that there was a doubt about the security; they give a higher interest, which is an indication that the security is not quite so good?—That is the general principle; high interest necessarily means defective security.

1376. May it not be done from another motive, to encourage thrift on the part of the workmen?—Then it is a charitable donation, and comes under a different signification.

1377. I do not like the word "charity." Suppose it answers the purpose of a company or a firm to give, say, 4 per cent. on savings that they can use in the business profitably and advantageously, it is not charity then, but the 4 per cent. may be given for the purpose of encouraging thrift. Is that a right thing?—I see no harm in it whatever.

1378. Do you not think by that means thrift may be encouraged in a way that cannot very often be done by voluntary societies?—Very likely indeed. I am not arguing against it the least in the world. I am only saying that the Friendly Societies Act requires, as a condition before registering, that the investments shall be made upon some security which can be vested in the trustees of the friendly society. I do not know any reason why a large commercial undertaking should not vest in trustees for friendly societies a sufficient number of debentures or shares, or whatever its security may be, to cover

Mr. *Livesey*—continued.

the amounts received from its *employés* in the way of savings.

1379. Do you want an amount equal to the amount of the savings to be invested?—Yes, I think so. It should be treated as a mere matter of business. The money should be received by the company, and the company should give in exchange documents which the trustee of the society might hold.

1380. But, as a general principle, I gather you are decidedly in favour of any of these means being adopted by companies and firms for the encouragement of thrift?—Most decidedly, and I should gladly see them all registered, and I should be very glad if I could see any prospect of meeting the views of those societies consistently with the Friendly Societies Act, so as to encourage them to be registered in greater numbers than they are.

Mr. *Dale.*

1381. I just want to make it quite clear what we may understand the term "funds" to be. Is there any doubt that the term "funds" represents the total receipts in money of the society from its members, less its outgoings?—Speaking generally.

1382. That is, that which has accrued from the commencement of the society up to the date of the return in the way of moneys received, less moneys paid out, either for management or for benefits, or any other purposes?—Speaking generally, that is so.

1383. That is what would be understood by funds. Funds do not represent liabilities in the sense of corresponding with any actuarial valuation of what amount there ought to be to meet the obligations which the society has assumed. It does not, on the other hand, correspond with the term "assets," in the sense of its being a recent official valuation of the assets of the company. It is just the moneys that the company has received from the commencement, less the moneys that the company has paid out?—Quite so; in the majority of cases that is so.

1384 It may not be sufficient to meet the obligations that a company has assumed through its scheme, or, on the other hand, it may not represent the real value of the assets in which the company has invested its funds?—Possibly not, in the generality of cases. But there are cases in which the societies take care to debit themselves with any depreciation in their funds when they find out that it has happened. But, in the majority of cases, you may take it, I think, that the funds mean the difference between the receipts and the payments.

Sir *Frederick Pollock.*

1385. Have you referred specifically to the sections of the Friendly Societies Act, which, you say, prevent a great number of societies from registering?—In connexion with the societies between employer and employed, I referred to several.

Sir *Frederick Pollock*—continued.

1386. There was the requirement of the contributions being voluntary?—Yes, that is one. That is in section 8.

1387. Section 8, sub-section 1?—Yes.

1388. That is part of the definition of the societies?—Yes.

1389. Then there is the requirement of having a definite fund invested?—Yes, that is section 16, that all the property of the society is vested in its trustees.

1390. And also section 17. I suppose that is part of the subject of investment?—Yes.

1391. That requires investments to be made in a particular way. Investment with the National Debt Commissioners is not compulsory, is it?—Not compulsory at all, and it is not nearly so much used now as when the National Debt Commissioners gave an inducement to invest, in the shape of large interest.

1392. Are there any other provisions of the Act which have the same effect?—I take it that, speaking generally, the great obstacle to registering is in the requirements of section 14, especially the requirement for valuation, which is looked upon with great dislike by a large number of unregistered societies.

1393. That would be Clause (f)?—Clause (f).

1394. That once in every five years the society must have its assets and liabilities valued. They may have their own valuer?—They may have their own valuer, but the necessity for valuation is looked upon with great dislike by the great body of unregistered societies. That is indicated by the circumstance that a very large proportion of the societies which apply for registration are societies which by their nature are exempt from valuation. That proportion has been growing ever since the Act of 1875, which required valuations to be made.

1395. And that objection will apply to a great number of societies which are not connected with any industrial company or undertaking?—Quite so. Speaking generally, the requirements of section 14 in regard to annual returns to be made to my office, in regard to the valuation, and in regard generally to the limited and modified control which it gives to my office, are the reasons why societies do not come to be registered.

1396. You have no means of knowing in what proportion of cases that is because the managers of the society are afraid they would be found to be unsound, and in what proportion it is simply because the society is too small to take the trouble of taking all these steps?—I have no means of knowing.

1397. I suppose there is a certain proportion of cases, probably, in which there is no want of good faith about the society not wanting to be registered?—I take it in a great many cases there is no question of want of good faith at all. They do not like the expense of registering—making such rules as to satisfy the requirements of the Act, and printing them, and they do not like the expense and trouble of making the valuations and returns.

Sir *Frederick Pollock*—continued.

1398. Do you think there would be any safe and practical way of making these requirements less complicated, or reducing the expense of complying with them?—I doubt it very much, except in the direction I suggested, of allowing the small societies to have merely a card of rules, but that in itself is a question of very great difficulty.

1399. Then you would not see your way, from the experience you have had, to relaxing or simplifying these rules?—Not at present, certainly.

Mr. *Tom Mann.*

1400. I am not clear from the evidence you have so far given as to the total number of trade unions; what is the total number that are registered, and that send in their returns. You have given us the total number that you have knowledge of officially as 405?—Yes.

1401. Then you have a return including some unregistered—259?—That is the return derived from Mr. Burnett's Blue Book. The return which I handed in to the Chairman is from the returns to my office for 1891, and it does not include any unregistered ones. The following is an—

ABSTRACT of TRADE UNION RETURNS received for the Year 1891, for England and Wales.

Funds, 31st December, 1890.	Funds, 31st December, 1891.	Income for 1891.	Expenditure for 1891.	Number of Members.
£ 1,260,669	£ 1,444,062	£ 1,175,346	£ 991,953	£ 925,232

*Number of Returns received for 1891 -		320
†Number of Trade Unions registered previous to 1891 making no returns for that year - - - -	107	173
Number of Trade Unions registered in 1891 making no returns for that year - -	66	
Total number of Trade Unions on the register, 31st December 1891 - - -		493

* In addition to the above number, one imperfect return has been received which cannot be identified.
† This number includes 20 whose present addresses are not known, and 11 since dissolved.

1402. What proportion does the returns from your own office show of unregistered?—The total number registered and still subsisting is 493. The number making returns is 320. Then 66 are not liable to make returns, having been only registered in 1891, and 107 have failed to make returns. These are being dealt with by my law clerk.

1403. Has it been the practice to take proceedings against registered societies not making returns?—I do not think it has in the case of trade unions, but when I saw the great number last year who failed to make returns, I thought it desirable that in the present year some steps should be taken to enforce the law upon those who did not.

1404. So that steps are now being taken?—Steps are now being taken. My law clerk has them in hand, and in due course he will proceed to recover penalties against those who persistently refuse.

Mr. *Tom Mann*—continued.

1405. Is that likely to be of a general character?—Against everyone, I hope.

1406. Can you tell me under what conditions? I should say that these are coming in every day, so that this return was made for me up to the date when the printed return was received from the printers, and that since then others have come in, and that the response to the circulars, in which I have conveyed the threat of prosecution, has been very satisfactory upon the whole. There has been a very large number brought in who never made returns before.

1407. Can you tell me under what conditions the branch of any trade union is registered independently?—The Trade Union Act leaves it entirely open to branches whether they will register or not, and when they are registered, they are registered in all respects as independent trade unions. For the purpose of registering, they are given a separate registered number and separate rules, and treated in every respect as independent.

1408. Then if the central society covering the whole organisation register, and the branches also register, of course they are counted twice over, or several times over?—Unless the trade union takes care to guard against that in its return.

1409. Is it common for branches to register?—Not very common. I do not think you will find very many branches registered. I think, on the contrary, that there has been a tendency lately, for instance, among the drillers and hole cutters, for independently registered trades unions to coalesce and form a single one, and withdraw their registry as individual branches. But you will find this is a complete list of registered trade unions, and I think you will find comparatively few are branches (*see Appendix* LVIII.).

1410. Wherever the branches are separately registered they are counted as independent unions?—Yes.

1411. And therefore, in this table, it may mean that they are counted twice over?—It may mean that they are counted twice over.

1412. Can you tell me under what conditions employers' associations are registered under the Trade Union Act?—Under precisely the same conditions as associations of employed. I do not think you will find more than two or three in the whole list.

1413. I notice the Portsmouth and Gosport Licensed Victuallers' Protection and Benefit Society, Hampshire?—Yes.

1414. That would be an employers' association—That would be an employers' association, no doubt.

1415. The Hull United Butchers' Association?—That would very likely be among employers.

1416. In your opinion, do they properly come under the head and the spirit of what was intended by the Act?—I do not know any reason why the licensed victuallers should not have registered themselves under the special authority as for protecting the members of a legal calling from prosecution, and other things of that kind.

Mr. *Mann*—continued.

But probably they saw some advantage to themselves in taking the wider definition of regulating the relations between workmen and masters.

1417. There is one registered as the Association of Master Engineers—"North Staffordshire and surrounding districts." That sounds like a purely employer's association?—A purely employer's association.

1418. Registered as a trade union?—Yes.

1419. And, of course, included in this total?—Yes.

1420. So that we should be led to a wrong conclusion if we thought they were all workmen, apparently?—I do not think you will find many more. I think you have mentioned nearly the whole.

1421. The Hull Smack-Owners' Association; that, too, would be an employer's association, I presume?—It would be employers in the sense that they had no employer over them, but I take it that owners of smacks at Hull might very fairly be described as working men, might they not?

1422. Smack-owners seems to me to savour of the employer, as does the following, Borough of Portsmouth and Gosport Cattle Dealers' and Master Butchers' Association?—That is one, no doubt.

1423. "The United Association of Milk Dealers." All these seem to me to be employers' associations, and, therefore, it strikes me as being undesirable that they should be included in this trade union list. I wondered what your opinion was?—They are distinctly within the definition of a Trade Union in the Act of 1876. "The term 'trade union' means any combination, whether temporary or permanent, for regulating the relations between workmen and masters, or between workmen and workmen, or between masters and masters, or for imposing restrictive conditions on the conduct of any trade or business, whether such combinations would or would not, if the principal Act had not been passed, have been deemed to have been an unlawful combination by reason of some one or more of its purposes being in restraint of trade."

1424. The Master Lightermen of London are registered too?—Possibly; yes.

1425. You see no objection to it?—I see no legal objection whatever. They come distinctly under this section of the Act, and I should have no authority to refuse to register them or to pass them over in requiring returns from them.

Mr. *Burt*.

1426. I see there is a large amount of savings invested in building societies. Have you any opinion as to whether the members of building societies are sufficiently protected from fraud?—I have suggested, in my report for this year,* some amendments in the Act, which I think very desirable in relation to building societies.

1427. Would you be just good enough to read them over, in order that they may be put down

Mr. *Burt*—continued.

in this evidence?—"Among the amendments which should, in my opinion, be made in the Act of 1874, are:—

"1. That the words 'if any' should be omitted after 'within what limits' in section 16 (2); so that it should not be within the power of the directors of a society to defeat the claims of existing members by the unlimited issue of preference shares having priority over them.

"2. That the right of members to ascertain, by inspection of the books of a society, how its affairs are being carried on, should be secured, as above suggested by Mr. Ludlow, by the insertion of provisions similar to those of section 14 of the Friendly Societies Act, 1875.

"3. That provision should be made for control, by the members, over the trustees appointed for the purpose of dissolving a society under section 32.

"4. That the provision for penalties in case of wilfully false returns should be made more stringent, and that provision should be made for recovering penalties from the society, or its responsible directors or officers, without requiring the prosecutor to prove the offence against an individual, as in section 43.

"5. That a form of annual return should be prescribed, and that it should be made up to a fixed date, and within a certain time after that date.

"6. That power should be given to the Registrar, upon a proper requisition, to appoint inspectors into the affairs of a society, or to call a special meeting of a society, as provided by section 23 of the Friendly Societies Act, 1875."

1428. Those, I presume, are suggestions based upon information that has come to you officially, as showing defects in the existing system?—Yes.

1429. And with these recommendations you think the members would be sufficiently protected from——?—I believe it would greatly increase the protection of the members if these amendments were adopted.

1430. There have been a good many failures, I think, recently?—Yes, a great many. The return was presented to Parliament a short time ago, on the motion of a member of this Commission, Mr. Gerald Balfour, of the number of building societies which have terminated, or have been dissolved, or have otherwise ceased to exist, since the passing of the Act of 1874, which shows that the total number in England and Wales was 1,237, of which 26 had come to a termination, 181 had been terminated by notice, 410 had executed an instrument of dissolution, 38 had been wound up by the court, 84 had been amalgamated with other societies, 32 had transferred their engagements to other societies, and 466 had been illegally or irregularly dissolved or ceased to exist.

1431. Over what period did you say?—That is since the passing of the Act of 1874; that is the total number.

* "Report: Friendly Societies, Industrial and Provident Societies, and Trades Unions, 1891, Part A. [137]," pp. 37–38.

Mr. *Burt*—continued.

1432. Up to when?—Up to the day it was presented, which was the 2nd of June 1892.

Mr. *Trow.*

1433. One question with regard to the funds; do not a large number of friendly societies and trade societies invest in savings banks?—Yes.

1434. So that the amount of the savings bank may represent a large proportion of the amount?—Yes. I mentioned that in stating the total amount, and I said that it ought to be qualified by entries appearing twice over, as in the case of societies investing in savings banks.

Professor *Marshall.*

1435. The affiliated societies are increasing more rapidly than are the independent societies?—Yes

1436. What are the causes of that?—I fancy that their system is more popular, and their management is better, on the whole, than that of the independent societies.

1437. Is one cause that a member of an affiliated society can move to another town, and become a member of a local branch without much trouble?—I think that is one cause. There is a kind of freemasonry among them, by which they are known, and find friends, when they go to a different place.

1438. But have not they the power of transferring their account from one part to another?—Yes, they have arrangements for that purpose.

1439. And is not that a reason why they are popular?—I think it is certainly one reason why they are popular.

1440. The societies founded by women have hitherto been entirely independent, have not they, till the formation of the new United Sisters' Society?—I think they have. There have been societies of female Druids and societies of female Foresters; they have been usually independent societies; but they have only taken those names in imitation, I think, of the Druids and the Foresters. Then it should also be mentioned that there are a great number of female Tents and mixed Tents of the Order of Rechabites and the temperance orders; and several orders of Daughters of Temperance have been established for females.

1441. Can you tell me whether the percentage of women's societies that would be insolvent, according to the quinqennial returns, is larger than that of men of the same orders?—I do not know.

1442. The Foresters have it under consideration to admit women as members, have they not?—I believe they have resolved to allow of courts being established consisting wholly of women. I do not think they have authorised mixed courts.

1443. Comparing the relative advantages of the United Sisters' Friendly Society and a Court of the Foresters' Society, which should you think to be the more advantageous?—I do not think that that is a question I could undertake to answer. I think that from a financial point of view, as I have tried to explain, a court is

Professor *Marshall*—continued.

really a separate society, and therefore I can imagine a court of Foresters being a very advantageous body for a female to join.

1444. But you could not express any opinion upon the general question about which the friends of women's friendly societies are just now so much concerned—that is, as to whether it is better to form them independently or to join men's societies?—I do not think it advisable to have societies or branches consisting of men and women. I should imagine that, speaking generally, it is more advantageous to have a society or a branch consisting wholly of women, because the liability to sickness is a very different thing in women from what it is in men; but I do not know that I ought to venture to express any opinion further than that.

1445. The quinquennial returns give, among other things, the rate of interest per cent. used by the several societies and branches in valuation and the rate actually realised. I notice that the rate used in valuation is generally 3, but sometimes 4, and occasionally 5 per cent. Has that a historical origin, or what is the reason of that great difference in the rate?—That is entirely in the discretion of the valuer; he is at liberty to use any rate of interest that he pleases.

1446. The valuer is appointed by whom?—The valuer is appointed by the society.

1447. And the actual rate realised seems to vary very much. Take a specimen I have taken at random. One society realised from 5·6 up to 6·2 per cent. on its investments, while a little lower on the same page another is returned as realising only 1·1 to 2. What is the cause of this enormous difference?—Only the nature of the securities in which the money is invested. The one which realised, I suppose, the very small rate of interest has a large amount of these funds uninvested, or for some reason or other has not been able to invest them properly; but of course it would be a condition of the truth of the valuation that the society should be obliged to make arrangements forthwith to realise at least the amount of interest involved in the calculations.

1448. But if one looks upon the tables, one finds that it is scarcely ever reached at all?—Scarcely ever, I daresay.

1449. Turning over page after page, it seems to me that the rates in valuation vary from 50 to 100 per cent. more than that actually realised?—Quite so; in that case it would be the duty of the valuer to point out to the society that it was an absolute and necessary part of the truth of his valuation that they so alter their course of doing business as to earn at least as much interest as his valuation assumed they would earn. The valuation speaks of the case wholly in the future. Whatever the amount of interest realised in the past, the valuation is a true one if the rate of interest it assumes is realised in the future.

1450. But this great excess of the rate in the valuation over the realised rate seems to

Professor *Marshall*—continued.

extend over many hundreds of societies?—I believe it does.

1451. And do you think that general attention has been sufficiently called to that?—It is the duty of the valuer, certainly, to make that very clear to the society in his report.

1452. But do not you think that the Registrar of Friendly Societies should take some action in the matter?—No, we have no authority.

1453. Not to call their attention to this great discrepancy?—As I explained before, as a matter of practice we do take upon ourselves to advise a great deal and to communicate with the societies, and our actuary is in constant communication with the societies on this and other matters, but with regard to legal authority under the Statute we have none whatever.

1454. Now with regard to Building Societies, were those that have been insolvent chiefly the societies that invested in building about the years 1870-74?—I do not know of any facts which would enable me to state that generally.

1455. I notice that the co-operative societies of which evidence was given yesterday return prosperous conditions, and I suppose that about the year 1880 there was a great dissatisfaction with the building societies amongst working men on account of failure and on account of depreciation of their property in the years beginning from 1876 onwards?—Yes, it certainly has been creating the uneasiness of members of building societies of late years, but I do not know of any fact which enables me to fix a precise date.

1456. Was not there a great amount of money invested in building societies up to about the year 1876?—Yes, there was.

1457. And were not many of the investments then unfortunate?—I do not recollect anything which fixes the date to 1876 especially in my mind as to that. There have been failures throughout the whole existence of the building societies. There was a considerable number of failures in the North at that time in Manchester.

1458. And in Bradford, I think?—In Bradford possibly.

1459. But you think not generally?—Not generally in the South.

1460. But are not building societies in the Manchester and Bradford districts, or rather Lancashire and Yorkshire, much more important as regards the investments of the working classes?—They are important, but I do not think they are larger, upon the whole, than those in Middlesex and Surrey. In number and size I fancy they are about equal.

1461. But from the point of view of the working classes, I mean?—Yes, I think it probable that the number of members belonging to the working classes is greater in the North than in the South.

1462. Is not there some information in the statement as to the valuation of the Lancashire and Yorkshire building societies in consequence of the unfortunate investment in land property at that time, which has done more to discourage savings amongst the working classes?—I should think it has been very disastrous in the North of England, very much so indeed.

1463. Then with regard to the total saving of the working classes as shown by statistics of the building societies, is it not the income rather than the capital that you ought to look to in this particular case?—Yes, the amount referred to as the total here of course includes the amount which they owe to their creditors, the borrowed money. It does not stand upon the same footing at all. The amount of the members' capital, I think, I have here. The number of members in 2,333 societies was 605,000, and the amount of funds was 50,582,000*l.* Of this, 14,689,000*l.* represented borrowed capital, leaving 35,892,000*l.* as the amount of the investments of the members, or nearly 60*l.* each, which is, I think, sufficient to show that although building societies are a favourite investment of the working classes, they are not confined to them.

1464. Are those some of the figures we were asking about before?—I am speaking of building societies now.

1465. In your Table XVI.,* the building societies are reported as having 605,000 members, and about 50½ millions of funds?—Yes.

1466. But a proportion of that, you say, is borrowed money?—Precisely so; that is the total amount of the assets of the societies, the whole amount which they have invested on mortgage, and the cash which they have in hand; but out of that they owe 14,689,000*l.* to their creditors. That is borrowed capital, leaving 35,892,000*l.* as the proportion which belongs to the members themselves.

1467. Is it not true with regard to most of the other societies that you have mentioned, that the amount of saving done through them is represented by capital; but in the case of building societies, on the other hand, it is not represented by capital, but by the aggregate of their total income since they began?—The aggregate of their total income represents the amount due to the members as members' capital, does not it?

1468. Yes. Supposing that a man pays 200*l.* into a friendly society and ultimately builds a house with it, and the house disappears from the friendly society's books?—From the building society's books.

1469. Yes; but nevertheless, the friendly society has been the means through which he has saved that 200*l.*, is not it so?—Yes.

1470. If, therefore, we add together the income of the friendly society from the beginning, we have the exact measure of the amount of saving and provident enterprise amongst the members?—Yes, quite so.

1471. And might not it be possible to get that return?—I doubt it, because, in the printed returns to Parliament, the annual income includes the receipts from all sources whatever, and not merely from the payments of the members; and, therefore, it could only be

* "Reports: Friendly Societies, Industrial and Provident Societies, and Trades Unions, 1891, Part A. [137]," p. 45.

Professor *Marshall*—continued.

obtained by analysing the returns of the individual societies for a number of years back, and then, moreover, it could only be obtained from the date of the incorporation of the societies, because the societies do not make returns before they are incorporated, and all the societies under the old Act of 1836, which are the larger ones, remained unincorporated of course till the passing of the Act of 1874, and for some time afterwards, so that those could not be got.

1472. But all your returns have to be subject to certain qualifications?—Yes.

1473. And would not that return be of great value with that qualification even?—The return would be very incomplete.

1474. From 1874?—The return beginning from 1874 could be obtained no doubt.

1475. And would not that throw more light upon the aggregate savings of the working classes than any other?—It would be very useful, certainly.

1476. There is one question I forgot to ask when talking about affiliated societies. Take the case of a man in, say, Bradford, who is a member of the Foresters, and who moves elsewhere, say, to Newcastle, and transfers his membership to Newcastle; can this be a source of financial danger. I mean is it found in practice that if a court has managed its affairs well, and shown a good balance to the good in their accounts, it is rather apt to be sought out by people from a distance?—The transfer is not an absolute right. In a portion of my notes which I did not read, thinking that they went rather too much into detail that was made clear, and with your permission I will refer back to that point. I quote from the provisions as to clearance in the rules of the Ancient Noble Order of United Odd Fellows, Bolton Unity, which although not one of the largest, is one that has lately got a complete set of amended rules. I have one of their provisions relating to clearance, and then I remark upon that: it appears from these rules that the clearance is not the absolute right of the member. It is surrounded with many conditions, and a lodge is under no obligation to accept it. If a lodge is not satisfied that the amount to be paid over to it from the member's original lodge is sufficient to cover the extra risk incurred through the increased age of the member, the lodge will refuse to accept the clearance. A member who does not draw his clearance may, however, without giving up his membership of his lodge and becoming a member of another, remove to a distance from the place where his lodge is situate, and pay his contribution and receive benefits through the medium of another lodge, paying a small fee (usually 1s. per annum) for the services of the secretary of that lodge. He can also have medical attendance from the surgeon of that lodge on paying the usual quota of the surgeon's salary. The only disadvantage he is at is that as he is not considered a member of it he cannot vote or take part in its management, and his distance prevents him from doing so in the management of his own lodge.

1477. But in general, is not it true that many people refuse to join friendly societies where there is no branch of an affiliated order, on the ground that if they were to remove they would practically lose all advantages?—That is certainly one great reason of the popularity of affiliated orders.

1478. And save in exceptional cases, a member of an affiliated order can do so?—I believe the objection is not often raised in practice, but they have power to raise it.

Mr. *Gerald Balfour.*

1479. In this report, in dealing with building societies, you suggest certain amendments that ought, in your opinion, to be made in the Act of 1874?—Yes.

1480. I should very much like to have those suggestions put upon the minutes?—I have read them already in answer to a question put to me.*

1481. Very well. At the time the Friendly Societies Act was passed, was the question considered whether it would not be advisable to include building societies in the same or a similar Act?—Yes. In evidence before the Commission of 1874, I strongly urged that one Act should include all kinds of them, and Mr. Ludlow, when he drew the Bill of 1874, which was not passed, drew it so as to include all classes of societies, but practical difficulties were found. The societies did not like to be included in one Act with friendly societies, and, accordingly, those clauses were abandoned. I think only six extra clauses were necessary in order to apply the Friendly Societies Act of 1874 to all of them.

1482. Were they abandoned in consequence of the opposition of the building societies themselves?—In consequence of the general opposition.

1483. A general opposition throughout the country, or in particular from the building societies?—It was an opposition sufficiently strong to induce the Government of that day to drop the measure, thinking that it would increase the difficulties of carrying the Bill.

1484. Your suggested amendments practically extend to the members of building societies the advantages enjoyed at present by the members of friendly societies?—That is so.

1485. Do you think it would be possible to prescribe some general form of accounts?—I think so, and I think it is very necessary. That is the only way in which the provisions of section 40 of the Act can really be satisfactorily enforced.

1486. Do you include that suggestion among the proposed amendments?—Yes, amendment No. 5, which was that a form of annual return should be prescribed, and that it should be made up to a fixed date and within a certain time after that date.

Sir *Michael Hicks-Beach.*

1487. Did not the Royal Commission of 1874 recommend that forms of accounts for building societies should be inserted in a new Bill, and that they should be made compulsory?—They did so, and that was one of their recommendations which was unfortunately dropped.

* See questions 1426–7.

Mr. *Gerald Balfour.*

1488. I have been informed there are two items in the accounts of building societies which lend themselves very easily to false or misleading statements, namely, the item of the present value of payments due from borrowing members, and the item of buildings or properties in possession?—In many cases in the existing returns no distinction is made between them, and there are no means of knowing whether the amount which is put down as the value of the mortgage-securities is the real value of those securities or whether it is not merely the amount inscribed on the books of the society as the amount that has been advanced upon the security of them, which may be very different from the real value.

1489. And would you recommend, therefore, that any prescribed form of accounts should require that those two items should be carefully distinguished?—I think, certainly, the authority prescribing the form will be sure to take care of that point—I hope so.

1490. The Trustee Savings Bank Act provides, I think, for the establishment of a committee of investigation?—A committee of inspection.

1491. Do you think that provision or a similar provision could be usefully applied to the case of building societies?—They do not stand on exactly the same footing, because the moneys of the trustee savings banks are invested with the Government, and that gives a certain reason why some special precaution should be taken not by the appointment of a Government Committee, but by the appointment of a Committee representing in a large degree the savings banks themselves. The functions of this Committee are mainly to see the audit of the savings banks, and the regulations regarding the duties of the officers in respect of paying over the moneys. A body with precisely the same functions would hardly be applicable to a building society.

Mr. *Jesse Collings.*

1492. You spoke of the friendly societies making annual returns. What is the object of their doing that?—The object of their annual returns?

1493. Yes?—It answers many very excellent purposes, because, in the first instance, it forces the auditors to sign a declaration that they have complied with the provisions of the Act, whether they have in fact complied with them or not, and that the return is correct, duly vouched, and in accordance with law.

1494. And then are they examined in your office?—Only to see that that has been done, to see that they balance, and to see that they have not on the face of them any apparent inconsistency or illegality.

1495. And what happens if you do not find these returns to be satisfactory in that or any other respect?—We communicate with the society, in order that the matter may be set right.

1496. And suppose it is a matter so serious as to effect the standing of the society, what then?—If a return contained any fraudulent

Mr. *Jesse Collings*—continued.

entry, the person making that entry would be liable to prosecution.

1497. I do not speak of a fraudulent entry, but an entry which would lead you to suppose that the standing of the society was not satisfactory?—If there is anything in any annual return which calls for so severe a measure it is within my power, under section 14, sub-section 6 of the Act, to add observations to the return and register them. The section says: "All documents by this section required to be sent to the Registrar shall be deposited with the rules of the societies, to which the same respectively relate, and shall be registered or recorded by the Registrar with such observations thereon, if any, which the Chief Registrar shall direct."

1498. And there you power ceases?—No. I have also the power, which, at the present moment, I am exercising with regard to a certain case before me, under section 10, sub-section 5(*b.*), which is: "From time to time to publish generally, or in particular districts, such particulars of the returns and valuation, and such other information useful to the members or to persons interested in friendly or other societies registered, or which might be registered under this Act, as the Chief Registrar shall from time to time think fit."

1499. And there your powers cease?—There my powers cease.

1500. Then you have to appoint a fresh auditor?—The return shall be signed by the auditors, which shall show that it is correct, duly vouched, and in accordance with law.

1501. And further, you can ask for a valuation of assets every five years?—Yes, every five years.

1502. By an actuary?—By a valuer who wil usually be an actuary.

1503. What does that valuation mean. Take the valuation of assets under the head of stock. Is the actuary supposed to specify the existence of that asset—the reality of it?—No, that would be the business of the auditors, and of the secretary. The valuation return is in two parts; the first part is filled up by the society, and contains the information which the society gives to the valuer who values it, one of the heads of information being, of course, the amount of cash and other investments in hand, and the other is the part which the valuer fills up from his own calculations of the present value of the sums insured on sickness and death, as against the present value of the contributions payable in future by the members.

1504. Take your table with reference to the National Agricultural Labourers' Union*; in one of the years there is a note of a deficiency of 300*l.* in its balance, the balance from the previous year being brought forward less this amount?—That is a trades union, that is under a different Act altogether. I have no such powers under the Trades Union Act as I have under the Friendly Societies Act.

* "Labour Statistics.—Statistical Tables and Report on Trade Unions.—Fourth Report, years 1889 and 1890 [C.-6475.]," pp. 238–9.

Mr. *Jesse Collings*—continued.

1505. This return is made to you?—But by a trades union under a Trades Union Act, and that is a very different thing from the case of the friendly societies.

1506. This is a return made to you under a Trades Union Act, and the object of my inquiry is to see what protection, if any, the existence of your registry affords to some of the insurances, especially the poorer class of insurance; to what extent does it protect the funds and insurance by the existence of your department. That deficiency would be seen in the returns, would not it? What steps would you take as to that, if it were seen?—Under the Trades Union Act I could take none at all.

1507. No steps at all?—None whatever.

1508. I understand it is under the Trades Union Act, but I want to get at your powers?—They are very different under the Trades Union Act from what they are under the Friendly Societies Act. Under the Trades Union Act of 1871, the only authority we can have is this: "Every trades union which fails "to comply with, or acts in contravention of, "this section"—that is section 16, which refers to the annual returns—"and also every officer "of the trades union so failing shall each be "liable to a penalty not exceeding five pounds "for each offence." That is the penalty I am now suing for as regards the societies to which I have referred. Then there is the section "Every "person who wilfully makes or orders to be "made any false entry or statement in, or any "omission from, any such general statement, or "in or from the return of such copies of rules "or alterations of rules, shall be liable to a "penalty not exceeding fifty pounds for each "offence." It is fair to say that that penalty is not directed to be recovered by the Registrar, but still that is the only section under which I should have power to interfere in any way with a return made by the trades union.

1509. How should you deal with that deficiency of 300*l.* through having an incorrect balance brought forward from the last year?—I should name the fact in the annual return to Parliament.

1510. And nothing more?—Unless it was a wilfully false entry, in which case, I should prosecute them.

1511. Of course there may not be any wilfulness in the matter, but does it matter as regards the funds of the society whether it is a mistake or a wilfully false entry? There is 300*l.* wrong, and in that case is there no inquiry made by your office?—There is no duty upon our office whatever to make any sort of inquiry into a matter of that kind with regard to trades unions. Absolutely we have no control over trades unions whatever.

1512. How should you deal with that case; should you make the members of the Society aware of it in any way, or should you pass any reprimand, or order an inquiry, or do anything in the case of a balance sheet that came to you of that kind?—If you ask the question, as a matter of practice, and if it came under my notice really that there was anything requiring remark, I should probably communicate with the Society and ascertain what the facts were, and that kind of thing, but officially, I have no power and no authority of any sort to interfere as between the trades union and its members.

1513. Then there is another note that there is a surplus in another balance sheet for another year, caused by the entering the value of stock and copyright to this account as funds, which does not appear in the accounts of the following year, causing the balance sheet to be wrong to this amount. What could you do in that case? Would you take any steps?—None whatever, because it seems to me to be entirely within the discretion of the society as to whether they shall consider their copyright as an asset or not.

1514. You know there is no audit under the Trades Union Acts similar to that required under the Friendly Societies Act?—The form of return requires the annual return of the trades union to be certified in the same way as that of the friendly society's is, though not in the same words, perhaps, but it has to be certified by the auditors as having been audited by them, though there is no requirement for a quinquennial valuation.

1515. There is no valuation every five years, is there?—No, not any under the Trades Union Act.

1516. There is no requirement to have the assets thus placed in the balance sheet to be verified, and for it to be seen whether they are real or not?—None whatever.

(*Adjourned for a short time.*)

Mr. *Jesse Collings.*

1517. I was asking you whether you considered the Trades Union Act gave sufficient powers in respect to the balance sheets of the societies, and so on. They had powers in respect of certain things, and I think you said that there was a surplus of balance of 600*l.* in the books of the society we referred to, caused by their counting in the copyright as an asset. I want to know whether there is any power on the part of your department to inquire as to the *bona fides* of these alleged stocks. There is no such power, is there?—There is no such power.

1518. Does it strike you that you ought to have such power?—The answer to that is, I think, that I entirely agree with Mr. Ludlow when he wished to include all societies, including trade unions, under the general measure which afterwards became the Friendly Societies Act of 1875.

1519. Then, might I ask you in the absence of such facts, do not you think that the receipt of these balance sheets by your office and the knowledge that they are sent to your office by the society and registered in your office leads to great evil, and that evil and is likely to result from that by leading the members of the society and trades unions to believe that they have some security through being registered in a Government office?—I think the answer to that is this: it is the distinct policy of the Trades

Mr. *Jesse Collings*—continued.

Union Act that there should be no interference. You observe, even in the matter of registering rules of the trades unions, we have nothing whatever to do with them, except to see that they contain certain specified things.

1520. I should like to have your opinion as to whether the connexion of the trades unions with the Government Department to the extent they have with the small powers of control or almost the absence of powers of control which you seem to admit, is not an evil in itself, by tending to mislead the members of trades unions as to the security of the union they are going into ?—I do not think so, because I think that nothing is more clear to the great body of members of trades unions than that they are absolutely their own masters, and that no Government department has any right whatever to any control over them of any sort. I think nothing is more clear to the whole body of trade unionists than that.

1521. That, taken by itself, might be good, if it stopped there. But what I am asking you is this: whether, while they have this full power of self-control, the fact of their returning their balance sheet to you every year has not a tendency to give to the humbler members of the trades unions an idea of security through being connected with a Government department, which security is all in the clouds ?—No, I do not think it gives them any more false idea than their stamping their letters gives them an idea that the Post Office has control over their proceedings. They simply have to send a document to us every year.

1522. Taking the balance sheet of this particular union which I have reason to know the shortcomings of, or the misfortunes of which have been the cause of discomfort and misery in some cases, do you think it right for a Government department to simply receive balance sheets year after year in which they see the diminution of members from 4,075 to 4,000 in 1889, and a general diminution of income of from 12,000*l.* in 1875 to 3,000*l.* roundly in 1889, where the working expenses of the last year, 1889, are returned as 1,390*l.* out of an income of 3,018*l.*, and which further shows that the balance at the end of each year is going from the year 1875 from 6,800*l.*, leaving out the odd figures, down to 1889, down to 1,300*l.*—do you think it beneficial for a Government department, who have these returns, to have no power to deal with them as to the state of things which they reveal ?—The returns reveal that the society is going in a bad way, and they reveal it as much to each member as they do to us.

1523. But perhaps you are not aware that even in country places, not speaking now of some trades unions in towns, but in country places, a member of a trades union or a friendly society thinks that when he has registered himself in the society or trades union in the Government department, that he has thereby a certain security as to the soundness of the concern he is dealing with ?—There has never been any colour for such an idea in connexion with the Trades Union Act.

Mr. *Jesse Collings*—continued.

1524. Will you take it from me, that among the humbler members of the union in country places, that that feeling very largely exists ?—Then I should feel it my duty certainly to do what in me lay to prevent that feeling existing. But I certainly should not feel it my duty, and I do not think it would be desirable from the public point of view, that I should take it upon myself to do anything more than that.

1525. It is not a question of reproach on your Department in the least; but it is only to bring out the evil of the present state of things, and to show the evil condition of, perhaps, leading members astray ?—I confess I do not quite follow as to the mischief which is done by the actual reception of the return. Assuming, of course, that the return has nothing on the face of it which shows it to be incorrect or dishonest (in which case of course the return might be returned for correction in the one case, or a prosecution might be instituted in the other), the mere receiving of the return does not give any ground for misleading. It is very valuable for statistical purposes.

1526. Not in your opinion. But if the state of things exists which I have described, then they may, rightly or wrongly, lead men who are members of trades unions and friendly societies to believe that they have a certain amount of security by reason of the connexion which exists between them and their society and the Government department. And do not you think that it would lead them to disappointment ?—I think that the state of things which you are referring to is very much confined to the particular trades union to which you refer, which was amongst agricultural labourers.

1527. I will come to that directly ?—I suspect that the members of the Commission who are familiar with the general body of trades unions would say that there is no misunderstanding with regard to the general body of members of trades unions at large as to their relation to the Government.

1528. But by following out this case before me it illustrates the possibility of any other union doing the same, and therefore that is the possibility which we have to consider. If you had the powers to really supervise and to correct a union that is going wrong, if your powers under the Trades Union Act were very much larger, should you then have passed a balance sheet of this kind ?—I think so, but that return from which you are quoting is not a return of my office. It is Mr. Burnett's return, I think, with his observations.*

1529. Compiled from returns sent to the Chief Registrar ?—But compiled by Mr. Burnett, with his observations on the returns made to me, and I should not have thought it necessary to animadvert upon the question of whether a union has, or has not, put down copyright as an asset.

1530. But if you found the union going wrong in its balance sheet from any cause, and

* "Labour Statistics.—Statistical Tables and Report on Trade Unions.—Fourth Report, years 1889 and 1890 [C.-6475]," pp. 238-9.

Mr. *Jesse Collings*—continued.

you had power to see into it, should not you think it an advantage to exercise those powers in order to prevent them getting deeper and deeper into difficulty and error?—Where I do not quite follow you is as to whether your question means that you would give to me in respect of trades unions larger powers than I have in respect of friendly societies.

1531. That is my question?—You mean larger powers than I have in respect of friendly societies?

1532. First of all as large as you have in respect of friendly societies, then as much larger as you may deem necessary to secure the safety of the members of the unions?—I do not think myself that more power is necessary in regard to friendly societies except in one or two details in which I should like to see a little more power given to my office, but speaking generally in respect of the principle of the measure, I do not seek in regard to friendly societies any larger powers than those I possess, and I do not see any principle upon which larger powers should be given to me over trades unions than I have over friendly societies. I think we should have the same powers in regard to them, but not more.

1533. You think you should have the same powers precisely over trades unions as you have over the friendly societies?—Precisely. That is the position I should take.

1534. But then I go a step further than that; supposing you had these powers, and you found the balance sheet indicated something which showed that the society was on a wrong basis, and likely to lead to disappointment and loss on the part of the members, should you think it the public good that you should have power to stop that, or to take further powers than you have to render it good?—The power merely to give good advice is not included in the powers which are given me under the Friendly Societies Act, and I think on the whole that it would do more harm than good to give any Government Department the power merely to make what we may call moral reflections upon the balance sheets before them. They must speak for themselves, and it is utterly impossible upon any conceivable system that the Government should in any way guarantee either the safety or sound management of any society whatever, of any sort whatever. They must depend entirely and wholly upon the members themselves.

1535. My question does not go so far as guaranteeing, but my question would go to whether if you had the powers it would be necessary to make plain and public to the members of the society and trades union and to everyone that that society and trades union was not in a position to fulfil its obligations?—By what means can that be got to the members of the trades union, except by communication with the secretary of the trades union?

1536. By publication, and by their ceasing to register with you, and other steps?—By having the penal power to cancel the registry in certain events?

Mr. *Jesse Collings*—continued.

1537. And to making it public in the courts?—Possibly some amendment of the law might be devised to strengthen the registrar's powers, and to cancel the registry, and also as to inspection, and as to the compulsory winding-up of societies in certain events. But I am not at all disposed to think that the law would be amended in that direction which you indicate.

1538. I should like to have something more definite on this ground, that supposing men have, for 15 years say, been in the society, and through some means find that they are not in the position they thought they were, and the consequences to them were serious, in those circumstances I should like to ask you positively whether a Government that goes so far as to receive those balance sheets, after examining the balance sheets, and seeing the general indications given with regard to the society, should be obliged, if they came to the conclusion that it is not on a sound basis, to decline to allow them any longer to register themselves, and to state the ground on which you had so declined?—The question upon which that would turn would be the definition of what is the meaning of a sound basis.

1539. I suppose that would be a question for the actuary and the valuer?—Then you would absolutely close the doors of every society which has not a clean actuarial valuation of 20*s.* in 1*l.*

1540. I will not go into details; I would close the door of Government recognition of any society or trades union which should, after your examination of the information which you have before you, and on which you can rely, be decided not to be safe for the people who are trusting in it, and I want to ask you whether such powers should not be given to your department of the Government?—I think the immediate result of that would be to close every trades union. I do not think one trades union could stand an actuarial valuation.

1541. Then what would be the result of that statement; it would be that the trades unions are not able on an actuarial valuation to carry out their liabilities?—That is so. And they do not affect to be so, they do not pretend to be so, their members do not understand they are so, their rules do not show that they shall be so, and the Act of Parliament does not say that they shall be so.

1542. Do you consider it right that the Government should recognise, as they do, the registries?—The Trades Union Act was passed in order to put an end to the state of the law which made trades unions unlawful and criminal. It did so, and it did so upon the condition that such trades unions as became registered should send returns to this office. But that Act never promised them anything more than that, and never promised that the Government should undertake to look after the solvency of the trades unions in any way, and if an attempt of that kind had been made in the statute I confess I think it would have been bitterly resented.

Mr. *Jesse Collings*—continued.

1543. That is the state of fact, but I would like to get your opinion as to whether it would not be in the interest of good trades unions to submit to a rule such as I have described that they must stand the test of an actuarial valuation, or such valuation as may be necessary in order that they may be registered. Would not the ultimate outcome of that be in the highest degree beneficial to trades unions? — That depends entirely upon what the trades unions think would be a benefit to them. They think it would not be a benefit to them.

1544. But I should like your opinion upon that subject?—My opinion is that trades unions as trades unions carry out the work that they are intended to carry out, and that insisting upon actuarial soundness, as it is called, in a trades union would defeat the work that trades unions are intended to carry out. So long as they do that to their own satisfaction I do not think that the State is called upon to interfere.

1545. But in a case such as we have before us, where the trades unions and the subscribers to the trades union find themselves deprived of what they thought they would get, do you think it a right state of things for a Government department to have balance sheets which, perhaps, would not stand the test which an actuarial examination would show up, to receive those balance sheets year after year?—I think it is time to say that I know a good deal more about that trades union than appears from those returns there, and that the matter of that particular trades union has been most deeply considered by several departments of the Government, and most carefully considered; and it has been ascertained beyond all question that there was no ground whatever for proceedings against the persons connected with that trades union; and that, therefore, so far as a department of the Government is concerned, there has been no neglect of whatever the Statute might allow them to do.

1546. No, I am not putting blame to anybody. The matter might be on a wrong actuarial basis, but it is allowed to go on. Then I do not know what is the date of this return which you put in?—That is for the 31st December 1891—to the end of last year.

1547. I might refer to the duties that seem to be necessary for the Government department to undertake, if they undertake to receive balance sheets at all. For instance, I notice that the total income for 1891 of this Union was 3,675*l.* from a membership of 15,000 persons, while in 1889 the income was 3,018*l.* from only 4,254 persons; that enormous discrepancy would seem to imply that, while in 1889 the contributions were obtained from a comparatively small number who had hung on in order to get the prospective benefits, now the contributions were paid by a much larger number of, perhaps, younger members, and it seems to me that if the Government undertook this thing at all they should take such steps as are right in order to inquire into what has become of those old members. In other words, that the Government should have nothing to do, or that they should not take steps which might lead to deceiving the poor men who go into these societies?—There is one point in regard to the Trades Union Act which I should venture to bring to your attention, and that is, that the Trades Union Act absolutely forbids any proceeding for the recovery of any benefits from a trades union, and therefore, so long as that remains the law, no amount of interference on the part of any Government department would protect or help a single member.

1548. I do not cast any reflection upon you or your Department?—I am not speaking in deprecation of your criticism on our past action the least in the world, but merely with regard to the existing state of the law and the possibility of any useful proceedings being taken by any Government department under it. If the members of the trades union have no legal remedy for the recovery of their benefits, of course, the more the Government Department interferes with those who have an absolute power either to give or withhold those benefits as they please, the more misleading becomes the position.

1549. Yes. Then I take it that you are of opinion that the Government should have more powers over the trades union than they now possess?—Yes, to the extent that it has over friendly societies, and I confess I do not understand the justice of the provision which deprives a member of a remedy by means of which he could recover his benefits.

1550. Now coming back to this Union, there is a note that contributions for the trade and friendly benefits are now kept distinct?—Yes, that is not necessary in trades unions—that is special to that trades union.

1551. But would you take it as correct that that should be so?—No, not at all, that is entirely a matter for the trades union to determine for itself whether it will have separate accounts or mix them up together.

1552. I understand you to say that if a man pays 6*d.* a week, 4*d.* to be for the benefit society and 2*d.* for management, that a trades union has a right to take that 6*d.* and do what it likes with it?—It has a right to make rules that the whole of its contributions should be put into one common fund and used as it thinks fit for the purposes of the trades union.

1553. Do you think that is a rule which should be allowed by a Government department?—It is a correct statement of the existing state of the law.

1554. Exactly; then should you think there should be an alteration of the law in that respect, that the management of this society which receives a sum for a certain purpose, 4*d.* we will say for the purpose of securing an allowance of sick fund in time of sickness, or an allowance at the time of death; do you think that that society should be allowed to spend that 4*d.* for strikes or establishment pay, or anything of that sort?—The question is entirely for what purpose the society was established. If it was established as a trades union, then

Mr. *Jesse Collings*—continued.

undoubtedly its primary object is to carry out its operations as a trades union for the benefit of the trade, and everything else it does is simply accessory to that, and must be dependent upon its successfully doing that.

1555. But one object of the union is to provide for all its members, bringing in a contribution herein-after mentioned in order to get a weekly allowance for sickness and the payment of a sum of money at death ?—Yes.

1556. Now I want to get from you whether you think it is right for a Government which has anything at all to do with these societies to allow a rule to be made by which a sum paid in weekly for this purpose of securing pay during sickness, and a sum of money at death, should be allowed to appropriate it for strikes or speculations, or for any other purpose indeed ?—I think it right that a Government department should register and record any contract that persons should think it right to enter into, and if the persons who establish a trades union think it right to make their benefit fund entirely subordinate to their trade objects, and to apply all their funds without distinction, first to trade objects and then to benefit objects, or if a trades union which has a rule to a different effect thinks it right to alter those rules to that effect, I think it is the duty of the Government department then to register the rules, and to register and record the determination of the trades union which does so.

1557. If there is a rule which says there shall be 4*d.* as an insurance against sickness and death, and 2*d.* for trade management, what is the object of allowing a rule of that sort to be printed if the whole 6*d.* is subject to that ?—The rule is binding as long as it is a rule subject to the provision that no proceedings can be instituted to enforce it, but that is a rule which the trades union can alter at its own discretion, and we have no discretion to refuse to register the alteration.

1558. Looking at the humble character of the men who pay the contributions, and looking at the purposes for which they pay them, I want to know whether you think an alteration of the law is not necessary which should forbid rules being made that they shall divert money from one purpose to another ?—No, I think that any such enactment would be exceedingly unwise. I cannot conceive any defence for an enactment which should tie down the members of a trades union to the precise arrangements which they may wisely or unwisely have inserted in their original rules.

1559. But I understand from you that they make a rule to receive a man's weekly payments as an insurance against sickness and death, and that instead of taking means to fulfil that obligation they might spend it on anything else ?—Bearing in mind it is a trades union, I think it right that the society should have liberty to make any rules it thinks right from time to time, as well as to that matter as to every other matter of internal management.

1560. Morally you do not think they misappropriate funds, do you ? You think it is right, morally, for them to take sums contributed for one purpose and use them for another ?—Morally, if there was any question of misrepresentation, or anything of that kind, the persons who are guilty of it are liable to the consequences of it, whatever they may be, but as to the Legislature it seems to me to be positively wrong that they should attempt any interference with what the members of the trades union may think right to do in regard to their own affairs, bearing in mind that the primary object of the trades union is protection of trade, and that all the rest is merely subsidiary.

1561. That is my point. It is as to the benefit, the thrift proper, the part where any man pays in so much a week under the assurance that he will be insuring against sickness and death, and I take it that you would not interfere with any rules they choose to make which would take 4*d.* a week from a man for 10 years, say till he gets old, and then decide that that 4*d.* a week should be spent on something else outside the benefit or sick fund ?—Yes, upon the principle that that is the real contract which the man has entered into, the assurance which he supposed he had for the benefits was and ought to have been understood by him from the beginning to have been subject to the primary object of the trades union, which is the protection of trade

1562. But as a practical question, do you think that there is one per cent. of the men in this humble position who pay their contributions to the sickness and death funds who is not assured in his own mind, when he is paying them, that he is assuring against an evil day, and that if he is sick or dies something will come to him or to his representatives ? You speak of contract, but do you think there is one person who is conscious of any such contract as you indicate ?—I do think that the great bulk of members of trades unions know perfectly well that they will not get the benefit in sickness if their money has been previously spent in trade purposes, and that they are perfectly willing it should be so spent if emergency or necessity arises.

1563. Then it is to be understood that this sick benefit is not sick benefit at all if other needs for the money should be coming up, and if the members of the society think it should be diverted ?—That is an object of the trades union which is entirely secondary to the primary objects of the trades union.

1564. Turning to another question, you say in your report,* on page 27, that it is better for the State, that is, for the general body of the tax-payers, that an official should be paid suitable wages for such service as he renders than that insufficiency of wages should be made up by doles of any kind. Might I ask what we are to understand by that ?—I mean by that simply that the State is undoubtedly interested in every individual providing for old age, and that it is very desirable that every person should

* Reports: Friendly Societies, Industrial and Provident Societies, and Trade Unions, 1891, Part A. [137].

Mr. *Jesse Collings*—continued.

do so, but that the right way for him to do so is to do it out of his own earnings when he is young. Whatever his earnings may be there ought to be a convenient portion of his earnings set aside for his old age by every man in youth, and that no other provision for old age is satisfactory. No help by doles from the State is likely to do anything like so much general good as letting it be clearly understood that every man, whatever his income is, has to provide for old age out of it.

1565. Then, irrespective of a man receiving a considerable or inconsiderable wage, you simply express an abstract opinion upon it?—Entirely I do not assert for a moment what suitable wages are. I do not know. I saw that my remark was misunderstood in one paper that seemed to suppose I had suggested that everybody should put aside 1*l.* a year, and that the trades unions should all agree to raise everybody's wages 1*l.* a year. That is not what I say, but it is that the trades unions should see that the people spare what is proper for them to spare to provide for old age.

1566. Then in the next sentence you say, with regard to the State aid, that the least objectionable form is that of granting a rate of interest somewhat higher than that paid to the public creditor. Can you point out any difference between paying an extra rate of interest out of the public taxation and paying what are called doles?—Not at all. It is a dole. I simply say that my opinion is that all doles are bad, but if we are to have doles at all, let them be given in that form. My own opinion is against doles of any kind.

1567. Touching on that subject I gathered from your evidence that there were very few who were taking advantage of the superannuation or old age provision under the friendly societies?—Very few comparatively.

1568. Can you give us any number or percentage?—I do not think I can at this moment, but I will ascertain as nearly as possible what the number is, but at any rate not more than two or three societies in the course of a year apply for registry as to superannuation tables. The total would be a very small number as compared with the great bulk of the friendly societies members, but it is not absolutely small.

1569. Would it be so small a percentage as not to be worth considering at all?—They are very well worth considering, of course, because these are very sound ones which do provide the allowance.

1570. The members are not large?—The number of members is not large.

1571. Then practically we may take it there is at the present time no provision for old age?—Except provision which I look upon as most mischievous, of continual sick pay during the whole of life which is practically used so long as the money lasts as a provision for pensions, and appears to me not the real business of a friendly society.

1572. You say that friendly societies average about 31*s.* a member?—In the affiliated orders.

Mr. *Jesse Collings*—continued.

1573. Of which 4*s.* is for management?—Yes.

1574. That is 12½ per cent. of the whole payments of the working classes to friendly societies going for management expenses—is that what I am to understand—Yes, that is so.

1575. Then you suggest that another similar sum which might represent a week's wages might be paid for the purpose of old age pensions?—Yes.

1576. Does it strike you, or is it your opinion that that is a very heavy charge for a working man, 12½ per cent. for management of the moneys that he may pay into any place or any society for the purpose we are speaking about?—I am not prepared to say that it is unduly heavy, because, certainly, the pay which the orders give to their secretaries and other officers is very small. I do not see how it would be possible to reduce it. They have to deal with small sums, and the proportion of expenditure must necessarily be rather large, but I should, of course, be delighted to see any step taken to reduce the proportion of expenditure.

1577. But in any scheme of Government old age pension or Government insurance you would not suggest anything like 12½ per cent. for management expenses?—That is a question of expenditure. I can quite understand the possibility of an ill-considered scheme spending a great deal more.

1578. Yes; but is it not your opinion that a well-considered scheme might be found in which the amount would not be a quarter of that for management?—I doubt very much whether a Government scheme would be an economical one.

1579. You do not think that the margin of 12½ per cent. for management is excessive, do you?—No, I do not.

1580. You think that the fact that 12½ per cent. would go for management would have to be taken into consideration in any Government scheme for old age pensions which might be brought forward?—The question of management would be very material, but if the societies themselves took up the additional pension fund it would not cause any additional expense.

1581. Not in addition to the amount already expended?—Not in addition to the amount already expended.

1582. Do you mean to say that there would be no expense at all?—No expense at all, but simply another benefit to the members. The same expense would be incurred without addition.

Sir *Michael Hicks-Beach.*

1583. Assuming that the rules of trades unions provide that certain contributions should be made by the members for sick and death purposes, and certain other contributions for management or for trade purposes, would you then hold that the trades union is justified in violating that express provision in its rules, and putting the two funds together?—Not in violating it, but in making an amendment of the rules which shall alter it when they think fit.

Sir *Michael Hicks-Beach*—continued.

1584. Quite so, but as long as that rule exists it ought to be enforced?—It ought to be enforced, but no rule of a trades union is enforceable so long as there is no criminal misapplication of the funds.

1585. That, as the law stands at present, is not criminal misapplication, is it?—Not in the case to which the honourable member refers. It is clear there was no ground for a charge of criminality there.

1586. No; but do you go so far as to tell us that a trades union member losing his sick or death benefit in the union by the funds having been spent in trade purposes has no present legal right or remedy against the union?—None whatever.

1587. Do you think he ought not to have such a remedy?—I think he ought; I confess I do not see the policy, and I never did understand the object of section 4 of the Trades Union Act, 1871, that a contract for benefit shall not be enforceable.

1588. And do you think the remedy should be for the member at the instance of the member, and not at the instance of the Registrar?—Quite so; it is the member who is aggrieved by any failure to fulfil the contract.

1589. You told us that in your opinion every trades union, in the matter of benefits, I suppose, was actuarially insolvent?—I do not know whether I was justified in putting it so very strongly as that, because there are no actuarial valuations for trades unions, and no returns of actuarial valuations, but what I meant to say was this, that looking down the list of 25 trades unions which you have there (*see Appendix* LVII), you will see, that with very rare exceptions, there is not one of them which has more than one year, or a year-and-a-half, or at the utmost two years' income in hand, and we all know perfectlywell by the statistics of friendly societies that if they have any sick or superannuation benefits, or anything of that kind, the one year or year-and-a-half's income in hand is miserably insufficient to provide for such benefits.

1590. Is that state of the funds in trades unions due to the fact that the funds are placed together and used mainly for trade purposes?—Precisely; and I believe that that is the understanding or contract upon which the trades unions are founded; their primary object is for the protection of trade.

1591. But do not the rules of trades unions contain general power to levy upon the members of the union for sick or superannuation fund?—Yes, very commonly, indeed.

1592. Then do you take that fact into consideration when you say they are actuarially insolvent?—I think, probably, I expressed myself too strongly in answer to the right honourable member. What I meant to say was, that, judging by their funds, and what one knows of the practice of trades unions, I do not think that any of them would stand the test which actuaries are in the habit of applying.

Sir *Michael Hicks-Beach*—continued.

1593. Not to existing funds?—Not to existing funds.

1594. But the power to levy is a very important power?—The power to levy is a very important power, and it would be necessary for every actuary to consider that.

1595. You have not considered that?—No, I did not take that into consideration.

1596. Is that power to levy invariably in the rules of trades unions registered at your office?—No, I think not; it is very usual, but not, I think, invariable.

1597. Is it very general?—Very usual indeed.

1598. Did it exist in the rules of the National Agricultural Labourers' Union?—I fancy not; I am not sure; I will not undertake to say from recollection. I do not know.

1599. Are you aware whether the National Agricultural Labourers' Union has stopped the sick benefit?—I believe it has.

1600. Are you aware of any other trades union which has done the same?—No.

1601. No other such case has come under your experience?—No, I do not recollect any.

1602. Can you tell us whether the recommendations of the Royal Commission on Friendly Societies in 1874 were carried out in the Act of 1875?—Not fully; there were many very valuable ones which were not carried out.

1603. Would you specify some of those recommendations which, in your opinion, were valuable, and were not carried out?—There was the recommendation as to district registries which, in my opinion, would be very valuable, but whether it would be practicable from the point of view of expense and other things is another question. That, I believe, had a great deal to do with the dropping of that one; that was a very important recommendation that was dropped out of the Act.

1604. Are you aware why that was not proceeded with?—I believe it was mainly for the reason that it would be cumbrous and expensive, and that the Government was not prepared to proceed with that branch of the recommendations at that time.

1605. Can you name any other?—It is rather long since I read up the subject.

1606. With regard to the building societies, were the recommendations of the Royal Commission in regard to them carried out?—Not fully, I think; not nearly so fully as in the case of the friendly societies.

1607. Can you specify any important points which were omitted?—There was the combination of them all under the one Act, which carried with it a great many of the recommendations with regard to friendly societies, and those have been dropped out. I do not quite recollect the contents of the report.

1608. You have not given your mind to the subject?—Not very lately; but speaking from the recollection I have of it, I think there were several that were not carried out by the Bill.

1609. Now has not the main cause of the recent failure of building societies been the fact that they have received deposits at call or short

Sir *Michael Hicks-Beach*—continued.

notice, and lent their money on securities which they could not realise?—Yes, that I believe to be so.

1610. I do not notice amongst your suggestions for altering the law with regard to building societies, any suggestions for preventing them to any extent from receiving deposits at short notice?—The existing Act is to a very large extent inconsistent with their receiving deposits at call or on short notice. The existing Act requires that they shall give notice to the depositor that they are limited in their power to borrow to the extent of two thirds of their mortgages, and that the members are not liable for more than they have paid in, or than is in arrear, and really upon a proper consideration of those sections no building society ought under the present Act, I think, to have ever promised to pay depositors on demand without qualification.

1611. Do you think it would be possible absolutely to prohibit building societies from receiving deposits at less than three months' notice?—I do not think it would be, because there is no reason why they should not pay while they have funds. The only thing that should be prohibited to them is their holding out the promise that they will pay in any event on demand the sum required, and provision should certainly be made requiring them to give notice to the depositors that the payment on demand is qualified by the provisions of the Act.

1612. Have you included any such provision amongst your suggested alterations?—No, not in the suggestions for the alteration of the law.

1613. What kind of provision would you suggest as to that; what kind of amendment of the existing law would you suggest, because I understand you to say that it does already, to some extent, meet that point?—I do not know that anything more need be done than to make very clearly understood the actual provisions of the existing law.

1614. And might not that be done by your office?—We are doing it as much as we can. We have given as much publicity as possible to that view of the case.

Sir *John Gorst.*

1615. As long as the society is not registered it may receive contributions to any extent for deferred annuities without any actuarial certificate, may it?—Yes, as long as it is not registered.

1616. Now is not it a fact that there has been a very great amount of failures in societies of that kind to fulfil the promises upon which they have obtained contributions?—I do not know of such societies, but I should certainly imagine if any such societies exist, and were not registered, that they were exceedingly likely to fail.

1617. Have you any information as to what are called working men's clubs, which exist to a large extent in rural districts, and which

Sir *John Gorst*—continued.

offer to give a pension in old age, in consideration of payments made?—I have heard of such cases.

1618. Are you aware that a very large number of that sort of clubs have been wound up, or have been dissolved from insolvency, and are being now every day dissolved?—I should think it is exceedingly likely. I do not know of my own knowledge anything about them.

1619. Do you think it would be possible for the law to impose upon people who receive contributions for deferred annuities the obligation, under penalty, of obtaining an actuarial certificate?—Whether they are registered or not?

1620. Registered or not; is that so?—An unregistered society is under no restriction whatever, and may do anything it pleases.

1621. Anybody can take contributions with an actuarial certificate to provide for old age?—Yes.

1622. Now I ask you, do you think it would be possible for the law to prohibit the taking of contributions in consideration of the deferred old age annuity without an actuarial certificate?—That would be possible, certainly.

1623. And do you see any objection to such an enactment?—I do not know that I do; it seems to me to be a most dangerous proceeding.

1624. The present proceeding, in your opinion, is a very dangerous one?—Certainly.

1625. I presume that the poor people who contribute have no means themselves of judging of the solvency of the society, any more than they have of judging of the competence of a surgeon, or a doctor, or a lawyer?—If they knew the society is not registered they have nobody to blame but themselves for belonging to it.

1626. But is not it in your report that very few of those societies which provide old age annuities are registered?—I think the point is this, that very few of the societies care to get an actuarial certificate and so be registered as societies for providing annuities, but they are registered as societies for providing sick pay throughout life, which amounts practically to very much the same thing.

1627. But you see no objection to such an enactment as I have sketched out?—If it be the fact that there is any widespread existence of unregistered pension societies, I should certainly say that that is a thing which ought to be checked.

Mr. *Trow.*

1628. Are any societies registered under both the Trades Union and the Friendly Societies Acts?—They would be distinct societies. A Trades Union is not capable of registry under the Friendly Societies Act.

1629. Take the Friendly Society of Ironfounders of England and Wales. They profess to provide sick allowance and superannuation—are they registered under the Friendly Societies Act?—No.

Mr. *Trow*—continued.

1630. And the members paying for that benefit have no power to recover such benefit at all?—No.

1631. And you believe that every member who is paying the money is under the impression that the Society at any time can cut off their liability?—I do not suppose they are.

1632. Yet these men commence to pay at the age of 21, and profess to pay for 35 years at the rate of 1*s.* 1*d.* a week, and such levies are required to provide an annuity, when they reach the age of 60, or 65 perhaps, and do you think that they would continue to pay when they were convinced that after they had paid in for 34 years the Society, by resolution, could cut them off from the benefit of all the payments?—That is simply the law—that it has power to do so. There is no remedy that I know of.

1633. In answer to Mr. Jesse Collings, you said the trades union were aware of this power as to the greater portion of them, and I ask you whether you think that if the men were convinced that the Society had the power, after 30 years' payment, by resolution to rid themselves of the liability of providing that superannuation, they would continue to pay into the Society?—The resolution must be one made by the members themselves. I am inclined to think that it is pretty generally understood amongst trades unionists that they have only a moral control over the societies to which they belong, and that they have no legal control whatever.

1634. Do not you think it is necessary, in a case like this, where such provisions are made, that you should have further power to prevent the society having power to withhold, so long as they had any money, by resolution, the annuities due to these people?—I would give the members the legal remedy, which is all that they want for that purpose.

1635. They can sue under the Friendly Societies Act?—Yes, and the member has the right to recover under the provisions for the settlement of disputes, or failing that, in the county court, or failing that, in the court of summary jurisdiction.

1635*a*. Surely it would be fair there should be a provision such as that in the other case?—Yes. I cannot conceive the policy of the Legislature in saying otherwise.

Mr. *Abraham.*

1636. Have trades union officers any power to spend the money of the members otherwise than as the rules direct—No. If they spend the money otherwise than as the rules direct, then it becomes a criminal misapplication of funds, and they are liable to prosecution.

1637. The rules are made by the majority of the members?—The rules are made by the members.

Professor *Marshall.*

1638. Take the case of the Ironfounders. Has not the question of whether the funds will be sufficient to provide for old age been discussed at their meetings and in their annual and monthly reports for several years?—I do not know.

Duke of *Devonshire.*

1639. I should just like to ask you one question about Table xvi. in your report, which you have already been asked about.* Are the returns from which that table was compiled identical in form?—In the case of friendly societies there is a prescribed form; in those of collecting societies there is another prescribed form, and so in all the cases except building societies and railway savings banks. There is a prescribed form for each, and they are uniform.

1640. But the form for the collecting societies is not the same as that for the building societies?—No, there is no form for the building societies, and the form for each class of societies is a different one.

1641. Does not it result from that that under the head of "Amount of Funds," which amount in all is 90 millions, are funds of very various character counted?—Very various, indeed. This is simply the most general throwing together of large figures, subject to very large qualifications in every case.

1642. On the next page you say, "If those "be added to the savings banks funds it would "be seen that the accumulated savings of the "various bodies with which the office has to "deal amount to 212 millions." Now, can the whole of those amounts entered under the heading, "Amount of Funds," be properly described as accumulated savings?—They are the accumulated savings of somebody or other—not necessarily of the working classes in all cases. They all represent savings in some way.

1643. The fund belonging to the friendly and collecting societies and provident societies and trades unions and savings banks—railway savings banks—would be, to a great extent, the savings of the working classes, would not they?—Yes, to a great extent, I think.

1644. But do the 50 millions put opposite building societies represent to any degree the savings of the working classes?—To a very considerable degree.

1645. In what way?—I should say that the great bulk of the Starr-Bowkett and other societies of that class are fed by the working classes. Then the whole group of the societies in Oldham are distinctly working class societies. The large societies in London and those in the large towns of the provinces are very likely much more amongst small tradesmen, but there is a very large class of building societies which are distinctly amongst the operatives.

1646. Do you mean the operatives have provided the capital?—Yes; they save up the capital in these societies, and some of them save up very large sums.

* See questions 1465.

[Notes of Evidence on Building Societies, Loan Societies, Trades Unions, Railway Savings Banks, &c., contained in the Witness's Summary have been printed as Appendix LVI.]

The witness withdrew.

Dr. William Ogle called and examined.

Duke of *Devonshire.*

1647. Will you state the office which you fill?—I am the superintendent of statistics in the General Register Office.

1648. I believe you are prepared to place some statistics before the Commission?—I was requested by the Commission to come here to give evidence on the vital statistics of the industrial classes. Any question that I can answer on that head I shall be glad to answer.

1649. I see the first head of the statistics which you propose to speak upon are the marriage statistics and birth statistics, and you come afterwards to the mortality statistics?—Yes, those are the three divisions.

1650. In your opinion would the statistics to which you refer on the subject of marriage and birth be in any way relevant to our inquiry?—I am hardly able to answer that, but being asked to give evidence on the vital statistics, and not having any further information as to the precise character of the evidence which was required from me, I took it that the evidence I have come prepared to give was what was wanted.

1651. I believe some members of the Commission are very anxious to have any information you can give us as to the comparative mortality in different trades, and the comparative healthiness or otherwise of different trades. I do not know whether the marriage and birth statistics appear to be relevant to our inquiry, unless they bear upon those points?—That is for you to decide, but I thought that inasmuch as the marriage rate of the working classes fluctuates very closely with the amount of employment that they have, it was a very good measure of their well-being, and that possibly in that way it might come within the circle of your inquiry. You may decide otherwise, of course. The age at which the artisan marries and the age of his wife determines the age at which the burden of a family comes upon him, and it stands in close connexion with his well-being; but if you think that is outside your inquiry, I will limit myself to the mortality.

1652. I do not presume that these figures would take very long to give to us, would they?—It depends upon the questions asked me on the subject. It would not take me very long to state what I have to say upon them.

1653. The paper I have before me is not in the form of questions, but I understand you to have statistics which you are ready to give us relating to the early age at which a man, that is to say, a working man, I suppose, marries, and the great youth of their wives?—Quite so.

1654. Do you propose to put in any tables?—Yes, I propose to put in tables.

1655. Perhaps you will state what they will show?—The tables will show the average age at the time of marriage of bachelors in sundry selected different occupations and the age of their wives, these occupations being those of

Duke of *Devonshire*—continued.

miners, textile hands, shoemakers, tailors, artisans generally, general labourers, commercial clerks, shopkeepers, farmers, and persons of the professional and independent classes.

Sir *John Gorst.*

1656. Will your tables distinguish between the three parts of the United Kingdom?—They are limited to England and Wales. The office in which I am has nothing to do with Scotland or with Ireland; it is entirely confined to England and Wales.

1657. Could similar statistics be got for Scotland and Ireland?—There are no similar statistics published, but I presume that the same means I took to get these out could be adopted by the officials in those countries. These were got simply by an examination of the marriage registers. A large number of marriage registers were gone through in which the age and occupation of the bridegroom, and also the age of the bride are stated, and the figures in the tables are based on these entries.

Duke of *Devonshire.*

1658. Can you give us an example from the case of miners?—The miners are the group of those that I mentioned in which marriage takes place at the earliest age, and of 1,000 miners who marry, 704 are under the age of 25, and 169 under the age of 21, under age that is; while of the professional and independent classes 151 only are under 25, and only 7 under age. That is a proportion of 704 to 151 and of 169 to 7. Of the miners' wives, 439 per 1,000 are under age, while of the wives of the professional and independent class, 127 are under age.

1659. Do those figures vary very considerably in the cases of other occupations. I do not ask you to go through them?—The figures for the textile hands are very much the same as for the miners; the shoemakers and tailors are also very much the same; the artisans and labourers are a little higher, but not very much; the clerks are a little higher in age; the shopkeepers and shopmen still more advanced; the farmers and their sons still more advanced, and most advanced of all are the professional and independent classes who marry latest of all, the difference between miners and the professional and independent classes being on an average seven years for the men and four years for the wives.

1660. Do they further show the proportion of working men and women who remain permanently unmarried?—Not only do the industrial classes marry at a much earlier age than the professional class, but they marry in a far greater proportion. I mean that a smaller proportion of them remain permanently unmarried. That I obtained in two different

Duke of *Devonshire*—continued.

ways, first by going through a large number of the census schedules, and seeing at the age of 50 what proportion there was in different groups of bachelors at that age, taking all those that had got to 50 and over, and seeing how many of them were married and how many were bachelors. I expected to have found that the artisans and labourers were the most married class, but it was not so. The shopkeepers were the most married class, and after them came the artisans and labourers, who for that purpose were taken together, and a long way after them came the professional class. I also tried it in a second way. There was an inquiry some few years back by the Government into the condition of working men in several selected districts of London, and I had to write the report upon that inquiry. There were some 21,000 men altogether who gave information as to their condition, and amongst other things as to their ages and as to their civil condition; that means whether they were married or not. Now there should have been out of those men 266 per 1,000 unmarried, I mean taking into consideration their ages and the condition as to marriage of males generally in the whole of England and Wales. There should have been, I say, 266 unmarried men per 1,000, but there were in reality only 107, showing again that as far as those districts of London were concerned the men to whom that inquiry related were married far more than the average.

1661. Do you put in these tables which show that?—Not to show the last fact, but I put in these tables to show the age of marriage of different classes, but not that fact of their being so largely married (*see Tables A. and B., p.* 119.).

1662. Would you go on to give the statistics or shall I ask you in the first instance if those results which you have arrived at throw any light, in your opinion, upon the objects of our inquiry, or have you any observations to make as to their bearing upon the condition of the working classes?—Merely that it appears to me necessarily to follow that early marriage means early families, and consequently that the working man is, of his own will, burdened with a family at a very much earlier period than would be thought prudent by a man in the professional class.

1663. Then what have you to tell us about early families, large families, or what is the result of the inquiry as to that?—Possibly there might be a question as to whether early marriages do really imply large families, and if it be thought worth while I could give evidence to that effect, but probably it would be admitted without further evidence that such a thing would as a consequence naturally result. I may, however, say this, as one bit of evidence, that in that inquiry into the condition of the working men in certain districts of London to which I referred before, I found that the married men out of those 21,000 men of all kinds had, on an average, 2·97 children living with them at home, three children, you may call it, and that implies a very large family, because these three children do not include those who had died, nor those who were yet to be born—since these men's wives had not all finished having children,—nor those children that had gone away, many of these married men being old men whose children had already gone out to work for themselves. Therefore there were three living children at home to each married man, whereas the whole number of children, living and dead, per marriage in England is only just a very small fraction over four, showing that the proportion of children to these married men was very large indeed, again coming to the same point that early marriages burden the parents at a very early age with the maintenance of a family.

1664. You said these statistics refer only to England and Wales?—Yes.

1665. But are they gathered from different parts of England and Wales?—Yes; care in all these tables was taken to make the samples in all cases as fair as could be, and samples were taken from the marriage registers in the north, south, east, and west, certain counties in in each of those parts being taken, so that the facts might be derived from as large a variety and area as possible.

1666. Now will you tell me what you have to put before us as to the statistics of mortality?—The large family that the working man has to support, as a rule, is somewhat tempered by the enormous mortality of children amongst them; of young children and infants especially. I am unable to give quite such precise figures as I should like on this head. I cannot give the death-rate of children under the age of one in each group, but I can give this fact, that in those areas and counties and towns that are mainly inhabited by the industrial classes the infantile mortality is far above the average, and that in some of these places it is so high, for instance, in Preston, that insurance societies refuse to take infant lives at all, even those insurance societies that largely insure children. That fact was given in evidence before the Children's Life Insurance Commission.

1667. Infant meaning up to what age?—I mean by infant under one year, but I am not quite certain in the case of Preston, to which I referred, whether infant lives meant under one or whether it meant vaguely young children.

1668. Have you any figures to put in on this subject?—I unfortunately, have not got any exact figures, or sufficiently exact, which I should like to put in. I could give, of course, the infantile death-rate, that is, the death-rate of children under one year, in any areas that were asked for, but any more direct figures showing what the infant mortality was amongst the children of miners or amongst the children of textile hands I am not able to give.

1669. You are only able to say that among the industrial classes the infant mortality appears excessive?—It appears very excessive, and I

Duke of *Devonshire*—continued.

think that is shown by the very high infant mortality in those areas that are mainly inhabited by those classes.

1670. To what causes do you attribute that?—I should say, first of all, that in speaking of the industrial classes and of the high mortality there, I did not mean to include agricultural labourers. The mortality amongst the infants is not so high in the agricultural parts as it is amongst the artisans in the towns, and consequently I infer that one of the chief causes of this mortality is the fact of living in close aggregation in the foul air of the towns in contradistinction to the pure air in which the agricultural labourer lives in the country; and secondly, I think a very considerable part of it is due to the ignorance, and, perhaps carelessness, of the young wives and parents. They do not know how to treat their children, or feed them, or bring them up at all, and in the towns where there are factories I attribute it to the employment of mothers in factories, which causes them in a large number of cases to be prematurely confined, and their children come into the world unable to stand the chances of exposure to which they are put, and also, I am afraid I must add to that, though, of course, in a much more limited degree, the drunken habits of a certain proportion of the artisans who are employed in towns. I say in towns, because I am limiting myself to towns now; and as to that last cause, I can put some figures in showing the relation between the alcoholic habits of the parents and the mortality of the children (*see Table C., p.* 119.). There are a considerable number of children, some couple of thousand or so annually, who die from suffocation in bed, and are returned always as dying from accident, and I took a year ago the trouble to examine into the details of this mortality. This I was able to do with comparative ease, because I had the coroner's certificates, and I limited my inquiry to those cases of children in the first year of life on whom inquests had been held and verdicts found, and I found that from two to three times as many children died from suffocation in bed on Saturday night as on any other night in the week. I have the exact figures here. Saturday night gives out of 1,000 children, 283; while Thursday night gives 107, that is to say, for some reason or other that form of death is from two to three times as common on Saturday night as it is on any other night in the week; and having found that, I proceeded to examine what was the case with convulsions and natural causes of death, and, in fact, all deaths, except suffocation in bed, on which inquests had been held, and I found much the same kind of thing was the case there, from which I was led to believe that not only children who died from suffocation, but children who died from other unknown causes with sufficient suddenness to become the subjects of coroner's inquests, died from some reason or other much more on Saturday night than they did on any other day in the week. But I should be sorry to be supposed to make a general charge in any way whatsoever against the artisans. It is only one of the subordinate causes of this high mortality of children amongst the industrial classes.

Duke of *Devonshire*—continued.

1671. You go on to speak of the mortality of artisans and working men generally in middle life?—If you pass on from childhood to middle life, the artisan has just as good a chance of living as a member of the upper classes. That can be shown by a comparison of life tables of different classes. There is a well known life table, called the Upper Class Experience Table, which is founded on data collected by Mr. C. Ansell, and there is a table compiled by my predecessor, Doctor Farr, which is a life table for "all males" in England and Wales, the upper, middle, and lower classes included, and if we compare those two tables together we are comparing the upper class with "all males"; that is, to a great extent, comparing the upper classes with the industrial classes; and doing that I find that at the age of 20 the chances of living 5 years, of living 10 years, or of living 15 years, are exactly the same for "all males" as they are for the upper class. The figures are, of 100 living at the age of 20, after 5 years 96 would be surviving, after 10 years 91, and after 15 years 87 for the upper classes, and exactly the same, without any difference whatsoever in the figures, for "all males," showing that the advantages of the upper classes over the lower classes make no difference whatsoever in the chances of surviving.

1672. For a certain time?—For that number of years—5, 10, 15. But after that, apparently the toil and work begins to tell upon the artisan, and his chances of surviving more than 15 years are less than those of the upper classes. Thus, after 20 years, of those 100 which were supposed to be living at 20, of the upper classes 83 would be surviving, only 82 of "all males"; after 25 years 78 of the upper classes would be surviving, and only 76 of "all males"; and after 30 years 73 would be surviving of the upper classes, and only 70 of "all males." So that the general result is, that comparing the industrial classes with the upper classes, the industrial classes have a very much higher mortality among their children, and also a very high mortality at the advanced periods of life, but that in middle life they are as good lives for a limited period as anyone else.

1673. These observations relate to the working man in the aggregate?—That is so. They only apply to working men in the aggregate. There are, of course, very vast differences between men in different occupations. There are some occupations so deadly that insurance companies will have nothing to say to them, or at any rate load their premiums very heavily; and there are others, or rather one other, that gives such good lives that the insurance societies that are lucky enough to have a large number of its members among their clients advertise the fact to show on what a secure basis they are fixed.

1674. Have you a table on the comparative mortality of classes?—I have a number of

Duke of *Devonshire*—continued.

tables showing that. Unfortunately, not knowing that I was coming here to-day, I have not the table in the exact form in which I would like to put it in. I have a table here which shows in a number of trades and a number of occupations the comparative mortality of men between 25 and 65 years of age, those 40 years being taken as the working period of life, and referring to the standard of clergymen as having the lowest mortality of all, which is taken at 1,000; for instance, it shows that the mortality of clergymen, being 1,000, the mortality of barristers and solicitors is 1,514, and that of farmers and graziers 1,135, labourers in ten agricultural counties 1,261, and so on. Among them there are some trades that are especially unhealthy and some that are especially healthy, the most healthy ones being such as gardeners, agricultural labourers, farmers, fishermen, and, in a less degree, coal miners; others that are very unhealthy, being persons engaged in earthenware manufacture, file makers, cabmen, innkeepers, plumbers, painters, glaziers, cutlers, scissor makers, and the like. (*See Table D. p.* 120.)

1675. Those you refer to have poisonous substances or irritating substances?—One of the causes of these differences of mortality is that in some occupations the workman has to handle poisonous or irritating substances; for instance, mercury is used in a large number of occupations, and lead, and foreign hides which are liable to cause anthrax; and soot, which gives what is called chimney sweeper's cancer, and other substances of that kind. The only one I can give you any figures about is lead. The people who deal with lead are very liable to be poisoned by it, and to have various forms of affections, paralysis and sundry other diseases, and the chief industries in this country so affected, as far as I have been able to find out, are file makers, painters, plumbers, and glaziers, earthenware makers, gas-fitters, and printers. These seem to be the trades among those I have examined—I have not examined all trades—that are most liable to suffer from those diseases.

1676. Then there are conditions of employment as to ventilation, for instance?—One of the main causes apparently of the differences between different trades is the purity or impurity of the air in which they work, and in order to show that, I have drawn up a small table showing the mortality from consumption and diseases of the respiratory organs, in groups, who work in different degrees of purity of air. I start with fishermen, who may be said to be working in the purest air of all, and their death rate here is represented from the two causes, phthisis and diseases of the respiratory organs, as 356; then there come agriculturalists, by which I mean farmers, gardeners, agricultural labourers, all put together; theirs is 426. Then I come to people who work chiefly in shops—grocers, 509; drapers, 773; tailors, who work in foul and very close and over-heated air, 848, and printers 1,128; those several groups being taken as representing the

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grades of impurity of the air in which they work. (*See Table E., p.* 121.)

1677. That is only a class of special diseases is not it?—Yes. I can give the figures for all causes, but those two are picked out as being the special forms of disease that are likely to be produced by impure air. But I have also here (*see Table D., p.* 120) for all those classes their deaths from a number of different diseases.

1678. Are there any other causes of excessive death-rate?—Probably one of the main causes of the differences is the difference in exposure to dust, the amount of dust, and also its character. I have here a table (*see Table F., p.* 121) giving the comparative mortality of males, in certain dust inhaling occupations, from phthisis and diseases of the respiratory organs, those two being selected again for the same reason as before, as being the diseases most likely to be so caused and the result is that the exposure to coal dust has apparently very little effect, if any, in producing these diseases. Coal miners, who work in air that is charged with coal dust, have a mortality of 580, carpenters and joiners, bakers and confectioners, who are exposed to dust of wood or flour, which is also not sharp-edged and not likely to do much mischief, have mortalities of 606 and 715. Then you come to masons, builders, bricklayers, and quarrymen, all inhaling stone dust, and all with very much higher mortality from those diseases. Wool and cotton men again working in air full of dust, and also I may say in high temperature, have very high mortalities from these diseases. Then we come to those who inhale metallic dust, cutlers and file makers; their mortality is 1,367 and 1,408 as compared with the 580 of coal miners; earthenware manufacturers, 2,011; and Cornish miners, 2,065; whereas fishermen, who may be said to be working in an air where there is no dust at all, have a mortality from these diseases, notwithstanding their exposure to cold and wet, of only 356. Of course, these figures must not be taken to be mathematically accurate; they are accurate as far as the data permit; there is a certain vagueness in the data on which they are founded, but still the difference between one group and another is so enormous that any errors on which they are based may be practically disregarded. The main result is that exposure to dust is the cause of an enormous difference of mortality from those diseases, and that the dust of metal and the dust of earth, and, speaking generally, that dust that has, when seen under the microscope, sharp corners is very much more deleterious than flour or wood, and, strangely enough, than the dust of coal.

1679. Have you any figures relating to liabilities to fatal accidents?—There is a very great difference caused in the mortality of certain trades by their different liability to fatal accidents. There are only three or four trades in which the liability is very great, the highest being that of miners; the next that of quarrymen, and the next that of fishermen, and after that—after a long interval—come in

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cabmen and painters and people who work upon scaffolding, but they are so far behind those other three that they can hardly be put into comparison with them. Miners, quarrymen, and fishermen are the trades in which accidents are greatest.

1680. What figures do you represent them by?—I have here (*see Table D., p.* 120) the figures for accidents in all trades, clergymen again being, as throughout, the standard; the deaths from accidents being represented for clergymen as 11; those of fishermen will be 273; those of coal miners, 338; quarrymen, 266. And then we come to trades like cabmen, 151.

Mr. *Gerald Balfour.*

1681. I thought you said that quarrymen were more liable to accidents than fishermen?—They are practically the same, 266 and 273. I was speaking without the figures before me; cabmen, 151; brewers, 115; plumbers, painters, and glaziers, 131; those are all the cases in which the figures come up above 100, I think.

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1682. As compared with the 11?—As compared with the 11, which is the figure for clergymen. The only accidents that I have inquired into in detail are the accidents in coal mines, and I have here a table which gives the number of persons registered as dying from accidents in coal mines in the 20 years from 1871 to 1890. I should say the figures given there are probably below the mark. There are not rarely men on whom inquests are held which, unfortunately, are returned by the coroner without stating that the person is a miner; sometimes he puts down simply labourer instead of defining the trade more accurately, so that these figures are below the mark, but subject to this defect the figures show for 20 years not only the number of accidents at each age but also the kind of accidents, and also the annual rate at each age per 1,000 living. (*See Table G., p.* 121).

1683. Notwithstanding that, I believe the general mortality among coal miners is not excessive?—They are one of the healthiest set of men in all the trades that I have examined. The death-rate of coal miners in every county in which I examined it was lower than the death-rate of males of corresponding ages in the rest of the county, or the whole county including them. In every county coal miners had a lower death-rate than the males in that same county generally of the same age, with one exception. Perhaps I might read this passage from my publication: "The death-rates of coal miners are "surprisingly low. In spite of their terrible "liability to accident and their constant ex-"posure to an atmosphere vitiated by coal dust, "by foul air, and by an excessively high tem-"perature, the comparative mortality figure of "these labourers is considerably below that of "all males; nor is this only true of coal miners "in the aggregate, but it is true, with one "single exception, for the miners in each great "coal area taken separately. It holds good for

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"Durham with Northumberland, for Lancashire, "for Derbyshire with Nottinghamshire, for the "West Riding, and for Staffordshire. In each "of these areas, as is shown in Table 'L,' the "comparative mortality figure of all males "within the area is higher than that of the "miners. The one exception to the rule is "furnished by South Wales with Monmouth-"shire; here the mortality figure for the miners "is slightly higher than that of all males within "the same area; but even here, if deaths from "accident be left out of account, the rule holds "good; the mortality of the miners from all "other causes together is below that of the "general male population."

Mr. *Gerald Balfour.*

1684. You do not distinguish between the different classes of miners, for instance, between hewers and those employed above ground?—No, the data that I had at my command did not allow of that. The mode in which these figures were got was by taking the census returns which give the number of miners in the aggregate, and comparing them with the death registers for three years, the central one of those being the year of the census—I mean the death returns of 1880–1882 were compared with the census returns of the living in 1881.

Mr. *Dale.*

1685. The average number of deaths per annum in relation to the number of persons following the employment?—Yes.

1686. Then in the case of the miner he would be treated as a miner so long as he was following that employment?—So long as he was returned as following that employment, and that would include not only the miners below ground, but also those returned as miners who really were banksmen or working on the surface.

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1687. Can you supply any supposed explanation of this?—I was so surprised at the fact, which was contrary quite to my expectations, that I had a re-examination made of the figures for one of the counties—for Durham I think it was—and thinking that the clerks might have made some mistake I went into it, but found it correct generally. I then looked to see what were the diseases from which coal miners suffered less than the surrounding body of men of corresponding ages, and to my astonishment I found that one of them was phthisis—I say to my astonishment, because there is a disease which is well known as miner's phthisis, and the existence of that led me to believe that they would suffer specially from that, but as a matter of fact, coal miners for some reason or other have a special immunity from phthisis. That again seemed to be almost too extraordinary to be true. I therefore hunted about for other evidence, and I found that, although new to me, the same fact had been very commonly observed by other people. I found it observed in foreign countries, and also in England. Here is a quotation that I have from a doctor practising

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in Belgium in the coalfields there, Dr. Boens Boisseau: "It is incontestable," says Dr. Boens Boisseau, "that pulmonary phthisis is less fre-"quent in the class of coal miners than in most "other industrial groups," and I found the same statement made by Dr. Schoenfeld, who is also practising in the Belgium colleries, and the same thing is said again in Germany from the data furnished by the coalfields of Upper Silesia by Hirt, and a number of other authorities that I have quoted in this publication. In short it was a general fact agreed upon by all the authorities that I could consult, that for some reason or other coal miners are specially exempt from phthisis. The explanation of that is doubtful. It is explained by the foreigners—Hirt and other authorities—as being due to some protective influence of coal dust, or if not of coal dust, of some other thing given off in coal mines, and that view has been adopted by a great many people. But there is another view, I am bound to say, which seems to me to be possible, and between the two, I, myself, at present hesitate, and that is, that the coal miners are a select body of men. A weakling does not become a coal miner; he would become a clerk or a tailor or take to some sedentary employment, and only strong men become miners; moreover, if they feel themselves too weak after they have begun it they abandon it, and take to some other occupation, so that the coal miner belongs to a body of men starting from a different basis—strong men from the beginning, far above the average, and that may be the explanation. But against it, is this to be urged that if true you ought to find the same among other groups of miners, and you do not find anything of the kind amongst Cornish miners. On the contrary, the mortality of phthisis among the Cornish miners is very much larger than the average; more above the average than that of coal miners is below the average, and yet, I presume, that Cornish mining is also an occupation which would not be taken up by a weakling.

1688. How would the coal miners compare with the soldiers?—I cannot tell you. I have not got the mortality of soldiers. It is a very difficult problem to tell what is the mortality of soldiers, for this reason, that as soon as a soldier is ill he leaves soldiering, or a great many of the invalids are drafted away, so that the true death rate is very difficult to find out. You only get the deaths of soldiers who die from very rapid diseases. There is one other cause of the differences of mortality which I should like to mention, and which explains the highest figures given in this table, which I should like to put in (*see Table H., p.* 121.). The highest figures are of those who are exposed to the temptation of drink—to the facilities of getting drink—innkeepers, inn servants, commercial travellers, butchers, brewers, and sundry other classes; all these are trades with an enormously high mortality, and that that mortality is caused by excessive drink is shown by the table, which gives the industries with the highest mortality from certain selected

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causes, and these selected causes are alcoholism or delirium tremens, liver disease, gout, disease of the nervous system, suicide, disease of the urinary system, and disease of the heart; those being diseases which I selected because they are ones which are usually supposed to be, at any rate, more or less attributable to excess, and I find that the innkeeper is the highest of all of them with alcoholism, liver disease, and gout, and almost the highest in each of the others. Brewers and butchers, and the trades which one would naturally suppose were likely to contain a large proportion of persons who would indulge a little too freely, come, all of them, high up in the list of mortality from these selected causes.

Mr. *Dale.*

1689. I do not know whether you gave us the average life, which, perhaps, is the same thing as the average age at death, of those following certain leading occupations?—No, it is not the same thing, and it is an erroneous and deceptive mode of stating the comparative healthiness of different businesses. If you were to give the average age at death of a group of persons who must be of comparatively advanced age, say, for instance, of bishops and the average of death of a group of persons who are comparatively young, say, of curates, or to take a still younger group let us say, of shoeblacks, you would doubtless find that the average rate of death of the bishops would be very much higher than that of the shoeblacks, but that would not be a justification for saying that the one occupation was healthier than the other.

1690. Of course, there is an obvious difference there?—And there is a similar difference always if you compare one business with another; if you look at the ages in the census you will find wide differences in the age distribution of the people following different trades; consequently the average age at death is no sure indication.

1691. You see a man does not begin to follow the occupation of bishop at an early age, nor continue to follow that of a shoeblack after an early age?—That was the reason why I took what was otherwise a bad example. I wanted to take an extreme case to illustrate my view.

1692. Would there be no mode of soundly illustrating the healthiness of respective employments by some reference to the age at death?—You have it here. In those figures that I have given you, you have the average mortality per 1,000 living of men between 25 and 65, and I may say that in giving those figures I have corrected them for age distribution. It is necessary to correct for the difference of age distribution, and the tables are so corrected.

1693. And they profess to give that?—Yes, but there is no correction if you give simply the average age at death, in different trades, that would be utterly incorrect, owing to the difference of age distribution, and if there were a large number of young men in one trade, and a large number of old men in the other, the comparison clearly would be unfair.

Mr. *Dale*—continued.

1694. In some of those other trades they are influenced by things of that character. Supposing coalmining, for instance, was to have such an influence upon the health as to lead to a very early withdrawal from that occupation ?—I have met that by limiting the calculation to men between 25 and 65 years of age. If the unhealthy miners do leave their occupation, of course that would reduce the mortality, but that is the case not only among coalminers but in all occupations; the unhealthy drop out.

1695. It is a mere conjecture; but it is conceivable that if the occupation of coalmining were to so impair the health of those who engage in it so as to compel them to leave that occupation at an earlier age than any other class, it would so far vitiate the comparison ?—Yes, it would.

Sir *Frederick Pollock.*

1696. You have given us the ratio of the average mortality at different periods of age between artisans and the community generally, and I think you showed that the chances are considerably less for the artisan of surviving more than twenty years if you take them in active youth ?—Yes.

1697. Would not the specially dangerous and unhealthy trades be a considerable disturbing element in that general result ?—They are included in the aggregate. Doubtless if you were able to make a life table for these dangerous trades you would have a very different result than you have for the aggregate.

1698. But it is a general fact in statistics that a few extreme cases will produce a great effect upon the general result ?—Quite so.

1699. If from that result we could eliminate the most dangerous occupations, the general result would come out much more favourable to the artisan ?—Quite so.

1700. You would not say that there is any ground for stating that as a matter of fact the expectation of life of an artisan in any trade, except those particular ones which are well known to be dangerous, is worse than that of people in other occupations ?—No. I have no evidence for separate trades, but all that I have said as to expectation of life has been said only of the aggregate, and that may be due simply to the fact that a certain number of specially dangerous trades are included in the aggregate, and the rest, for all I know, may have a better expectation in life than the upper classes.

1701. I believe the expectation of life generally has increased considerably in the last 50 or 60 years in all classes ?—It has increased considerably. When you say in the last 50 or 60 years, I cannot say that with precision, but I made a life table founded upon the figures from 1871 to 1880, and there was a considerable increase in the expectation of life shown in those 10 years upon the one made some 20 years earlier by my predecessor, Dr. Farr.

1702. The increase has been even within 20 years ?—Dr. Farr's table was based upon the years 1838 to 1854, and mine was based upon the years 1871 to 1880. In that time

Sir *Frederick Pollock*—continued.

there had been a very considerable increase in the average duration of human life in England and Wales.

1703. Can you say whether that improvement has been more or less marked among the artisan class than among others ?—No, I have no means of saying that.

1704. Have you any means of saying whether the ratio of early marriages is affected by fluctuations in wages ?—Yes, it is affected very considerably; at least the marriage rate varies in the most remarkable way, in the first place, with the value of exports. The value of exports per head of the population goes up and down with the marriage rate, not in the same proportion but in the same direction almost always; that is to say, when the value of exports per head goes up the marriage rate goes up. That is the first relation. The next relation is that the marriage rate—and I may say that the marriage rate of England may be taken to be the marriage rate of the industrial classes inasmuch as the preponderating mass of the marriages are in that class—the marriage rate in England goes up and down with the amount of employment as shown by the returns of the various Trades Unions. I obtained some years ago from the labour statistics of the Board of Trade figures for a number of Trades Unions, showing the number of men that were on the books and also the number of men that were out of employment, and I put those together and I found the most remarkable agreement between the fluctuations of the marriage rate of England in its direction, not in its amount, and the proportion of unemployed in those trades. They almost invariably went up together and down together. When the proportion of unemployed increases, the marriage rate declines; when the proportion falls off, the marriage rate goes up. In the whole series of years in the table which I constructed, which was for 22 years, there were only two years in which the contrary was the case, that is to say, in which the two did not move together. Directly there is a larger amount of employment, marriage goes up; directly there is a smaller amount of employment, marriage goes down; and that was not only true when I took the aggregate of those various Trades Unions, but it was actually true when I took a single one, and even when I took a very small one. Among those Trades Unions that I dealt with was a small one, the Glass Bottle Makers of Yorkshire United Trade Protection Society. In no single year were the number of members of that society more than 1,600, and yet the fluctuations of amount of employment in that little body of men was an index of the fluctuation of the marriage rate of the whole of England. How close the correspondence is may be judged from the fact that in the course of 18 years, from 1870 onwards, which were the years for which I had the figures, only three times did the change in the marriage rate of England and Wales fail to tally in its direction with the change in the amount of employment in that small local industry.

Professor *Marshall.*

1705. I should like to ask some questions with regard to the relations of the Registrar-General's Department and the industrial statistics in general. The historical origin of a classification of occupations adopted by the Census, I suppose, had reference chiefly to health?—No, I think not; certainly it is very ill-suited to the purpose if it was. I think it had reference originally to economical questions. The first division was simply between those who lived by land and those who lived by industry. That was the first Census. You spoke of the historical origin of it—that was the first division of occupations.

1706. Is it not true that people are classified according to the nature of the commodity on which they work?—The groups are put for convenience in that way, and they are arranged in that order, but there is also an alphabetical list of the groups, which allows anyone to class the groups as he pleases. They are given alphabetically, and, for the sake of convenience, they are also arranged, as you say, by the nature of the commodity more or less.

1707. But are there not, for instance, in one heap 600,000 people engaged in the manufacture of cotton, without any analysis?—I daresay you are right. Those engaged in the cotton manufacture are in one aggregate.

1708. Does not that aggregate include people of all ranks from an economical point of view?—Yes.

1709. Are there not put down in full detail 600 people because they work in glue?—I daresay.

1710. Again, 700 people because they work on combs?—I am accepting your figures; I have no doubt it is so.

1711. And, similarly with regard to hair and bristle, and again, quills and feathers?—Quite so.

1712. Does not that indicate that the object could not be economical?—I do not suppose that there was any object one way or the other. The headings were arranged to make the best out of the very imperfect materials supplied to those who had to deal with them. The material with which one deals at a census is so extremely bad that one has to group the occupations as best one may. In that instance, of cotton, those who had to do with the Census—I think you said 600,000 were engaged in the cotton industry—would like to tell you how many are weavers, and how many are cotton spinners, and so on with other sub-divisions, but the returns do not allow of its being done. When a person returns "cotton hand," as they do in a large number of cases, you have no means of knowing to which sub-division of the cotton industry he or she ought to be put, and the same in the case with the other industries. The fault of the Census in the matter of these industries is in reality the attempt to give too much sub-division.

1713. You mean to make a greater sub-division than is possible with your machinery?

Professor *Marshall*—continued.

—We make a greater sub-division than the data supplied to us will properly allow.

1714. The machinery for the collecting of statistics is insufficient for that?—The machinery for the collection of the data is not fixed by the Census Department.

1715. I am not complaining of the Department. But is it not true that the Census of 1851 did undertake a considerable number of economic inquiries of great interest, for instance, that it told us in detail how many farmers there were employing no labourer, viz., 91,000; while there were 33,000 employing one labourer; 27,000 employing two labourers, and so on?—It gave figures professing to state those things.

1716. And it did the same with regard to the employers in all trades?—I believe so, or at any rate in many trades.

1717. And it is true, is it not, that a memorial was presented to the President of the Local Government Board signed by almost every economist in the county and by all the leading statistical societies requesting that certain information of this kind should be obtained?—I believe something of the kind was done.

1718. I believe that it was brought before your notice officially?—I am only hesitating as to what were the exact terms of the memorial. I know that a paper was sent to the President of the Local Government Board, or to the Chancellor of the Exchequer, asking for some changes to be made in the mode of tabulation.

1719. Yes, I think you were asked to make an official report upon that paper, were you not?—Very possibly; probably it was so. I do not remember actually the fact.

1720. And was not there in consequence a departmental inquiry made, with Mr. Courtney as chairman?—There was.

1721. Was not evidence given by you that the enumerators at present employed by the Census Department were not capable of conducting an elaborate inquiry?—They certainly are not capable of conducting an elaborate inquiry, but their business is not to conduct an inquiry. I think you must misunderstand the function of the enumerator; his business is to distribute schedules and collect them, and to copy them out.

1722. I am aware of that. I have read with great interest the discription which you gave of the way in which those enumerators collected their materials, and the way in which they did their work. Do you recollect saying that the appointment of those enumerators had to be made by the registrar. You were asked "Has "he any interest in any other way except that "trouble?" and you answered "He has a bit "of patronage; the patronage of appointing "his friends to these small posts, nothing more "than that"?—Yes.

1723. Then I think you were asked as to what conditions and qualifications those enumerators should have, and I think you said that you doubted whether 40,000 men could be got for a temporary job. Is that so?—Quite so; having those qualifications.

Professor *Marshall*—continued.

1724. Who would be really qualified for carrying out the work entrusted to them properly?—I do not think that I stated that. There are certain qualifications laid down for an enumerator and I think I said that it would be very difficult to find 40,000 available men who possessed those qualifications.

1725. Then, in answer to Mr. Whitmore, who asked if you "could get a more competent class of "enumerators, might it not be possible to reduce "the number of enumerators," you replied "No, "I scarcely think it would. I think the more "competent a man is, the longer he would take "in doing the work; he would read the "schedules through and see that they were "properly filled up. My opinion is that the "present enumerators, as a rule, do not do "that"?—They certainly do not; at least, if they do, they do it to no effect.

1726. Is not then the statement that more detailed statistics cannot be obtained merely this: that we have not got the machinery for obtaining it?—Doubtless that is all that is stated. The facts exist. If you could elicit them by any method, well and good, but I do not know the mode in which you are to get them.

1727. Is not the description you gave of the English investigators in great contrast with that of the investigators by which the returns, say, of the Massachusetts Bureau are got?—Yes, but again, would you allow me to say that the enumerators are not investigators; the enumerators are distributors and collectors of schedules.

1728. Is it not the fact, that in consequence of the practice of obtaining the Census all on one day, it is impossible to insist upon the collectors reading through the schedules, and seeing that they are properly filled up?—I do not think that they could do it. The 40,000 employed—it is not quite 40,000, but above 30,000—would not have time to read through the schedules, nor if they did, are they men who are competent to correct them.

1729. The investigators in Massachusetts, for instance, are instructed beforehand, orally and in writing, are they not?—I have read that passage, and I know nothing more, except that passage which you are quoting, and as to the accuracy of it I know nothing.

1730. And with similar machinery it would be possible to make much more accurate statistics in England?—Doubtless, if you had skilled investigators, you would get a better result, and a more accurate result, than you will by the present plan, when there is no investigator at all, but each individual, educated or not, fills up his own schedule and makes such accurate or inaccurate statement as he pleases. The great mass of people are absolutely incompetent to fill up a schedule; not only the working men, but persons in what are called the educated classes cannot and do not fill up the schedule properly at all, and we have to deal with that very imperfect material; as long as you leave it to the hands of the individual householder to fill up his schedule, so long you will be unable to get any industrial statistics worth having for economical purposes.

1731. And you feel that it is necessary to have for economical purposes statistics distinguishing barristers from solicitors, compositors from pressmen, iron founders from puddlers, hewers from other miners, underground men from overground men, and so on?—Such a distinction would give interesting information; what practical utility it possesses you will be more competent to state than I am.

1732. If there was a department, whether attached to the Registrar General's office or separate, which was entrusted with economic inquiries similar to those conducted in Germany and in some States of America, would you think that any great harm would arise from the spreading of those returns over several weeks?—No, I do not think it would be possible to do it under a much longer time than several weeks, unless you had such an army of investigators as may be practically put out of the question. I think you will find that the American census, when they made inquiries into fishing, had a body of men going about for more than a year round the coast, and finding out all about the habits of fish, about the life of fishermen, and the nature of their nets, and everything else that had a bearing upon that occupation. You could not do it in a few weeks—I imagine not.

1733. So that really the question of whether we can have industrial statistics would depend upon having a department with trained officials working not more than one day, but spreading their work over a longer time?—It certainly could not be done by the present machinery.

1734. Do you not think that there is needed a common centre in which all industrial statistics should be adjusted, including those that come at present from the Registrar General's office, the factory inspectors, and the Boards of Trade and Agriculture?—I am not certain that I quite understand the question, but I take you to ask whether I think there should be one office to deal with all this variety of subjects. I think, in their present state, no good would be got by one digest. I do not think that it is possible with the present data to make the returns any better than is done in the Census office. The material is so bad that it does not allow of such returns as you would consider valuable, and I do not think if one central office had to deal with it, and also with the returns from the Board of Trade and from factory inspectors, that any improvement would be made in them as the data exist at present.

1735. Do you think that the fundamental necessity is the formation of an industrial statistical department that should have trained officers making its investigations accurately?—I think that the primary thing is to devise some plan for getting accurate data. You cannot get accurate statistics of any kind until you have accurate data, but at present no machinery exists for the collecting of accurate data.

Sir *Michael Hicks-Beach.*

1736. Did the figures that you gave us with respect to the preponderance of infant mortality among the industrial classes relate to the whole country of England and Wales, to all the industrial classes?—My observations related to the whole country, but the evidence that I gave was simply that in those areas that one knew to be mainly inhabited by industrial classes the infantile mortality was excessively high. For instance, in the county of Durham, that county is, we know, more largely inhabited by the industrial classes than the county of Surrey. Well, in the county of Durham the infantile mortality is excessively high, much higher than in Surrey, and so also in all factory towns and manufacturing towns the infantile mortality is excessively high.

1737. And these curious figures that you gave as to the excessive preponderance of infant mortality from certain causes on Saturday night, what do you say about them?—They were exclusively based upon cases in which an inquest had been held, and were taken from all England. When a coroner holds an inquest and a verdict

Sir *Michael Hicks-Beach*—continued.

is found, he sends the finding on a separate piece of paper to our office, and I took a bundle of these findings from all parts of England, indiscriminately, and they formed the basis of that table that I put in. They were from all parts of England, and not from parts specially selected because they were industrial centres, but I think it is plain that the figures mainly relate to the industrial classes where the wages are usually paid on Saturday.

1738. Would they apply, in your opinion, to the industrial classes generally, to the agricultural labourers, for instance, as well as the industrial classes in towns?—Yes, I took them out separately on a small scale for some agricultural counties and for some industrial towns, and also for portions of London, and also for, I think, Liverpool, and I found in every case, invariably in each group that I took, the same facts came out; it was universal.

1739. But I think you told us that the rate of infantile mortality generally was less among the agricultural population than among the town population?—Yes.

Table A.—Average Ages of Bachelors in different Occupations, and of their Wives, at Time of Marriage, 1884–85.

Occupations.	Bachelors.	Spinsters.
Miners	24·06	22·46
Textile hands	24·38	23·43
Shoemakers, tailors	24·92	24·31
Artisans	25·35	23·70
Labourers	25·56	23·66
Commercial clerks	26·25	24·43
Shopkeepers, shopmen	26·67	24·22
Farmers and sons	29·23	26·91
Professional and independent class	31·22	26·40

Table C.—Distribution over the Week of Deaths of Infants on which Inquests were held (1890).

Day of Week.	Proportion per 1,000.	
	Suffocation in Bed.	Other Causes.
Sunday	283	180
Monday	124	132
Tuesday	137	145
Wednesday	116	139
Thursday	115	136
Friday	107	128
Saturday	118	140
	1,000	1,000

Note.—This table is based on 2,020 inquest cases in various parts of the country, in 767 of which cases the cause of death was returned as suffocation in bed. In interpreting this table, it must be held in mind that the deaths from overlying on any given night will be referred to the day succeeding that night.

Table B.—Age-Distribution per 1,000 of Bachelors in different Occupations, and of their Wives, at Time of Marriage, 1884–5.

Ages.	Miners.		Textile Factory Hands.		Labourers.		Artisans.		Shoemakers and Tailors.		Shopkeepers and Shopmen.		Commercial Clerks.		Farmers and Farmers' Sons.		Professional and Independent Class.	
	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.
Under age	169	439	144	337	121	318	109	282	172	276	55	226	27	197	31	111	7	127
21—25	535	388	558	432	455	408	489	448	477	412	412	449	432	450	253	396	144	402
25—30	228	123	205	149	277	184	278	192	232	183	323	232	379	262	349	262	376	278
30—35	47	30	58	49	88	54	73	48	76	79	128	62	130	61	217	115	272	107
35—40	14	11	16	18	29	20	25	16	23	30	53	18	13	17	75	65	98	34
40—45	6	4	12	7	18	9	17	8	6	10	19	7	11	7	47	20	43	24
45—50	—	4	5	4	7	5	4	4	8	4	6	6	6	3	14	20	26	11
50 and upwards	1	1	2	4	5	2	5	2	6	6	4	—	2	3	14	11	34	17

Table D.—Comparative Mortality of Males, 25–65 Years of Age, in different Occupations; from all and Several Causes, 1880–1–2.

Profession or Trade.	Males from 25 to 65 Years of Age.													
	Comparative Mortality from all Causes.	Diseases of Nervous System.	Suicide.	Diseases of the Circulatory System.	Phthisis.	Diseases of the Respiratory Organs.	Diseases of the Urinary System.	Liver Diseases.	Other Diseases of the Digestive System.	Alcoholism.	Gout.	Plumbism.	Accident.	All other Causes.
Clergyman, priest, minister	1,000	180	12	176	116	116	92	28	49	4	9	—	11	207
Barrister, olicitor	1,514	231	38	173	208	169	139	123	46	23	8	—	69	284
Physician, surgeon, general practitioner	2,018	334	43	295	222	250	166	183	74	25	22	—	84	320
Farmer, grazier	1,135	146	31	151	185	178	56	74	54	11	4	—	54	191
Labourer in 10 agricultural counties	1,261	144	16	174	219	281	40	36	77	2	2	—	59	211
Gardener, nurseryman	1,077	113	20	147	218	200	70	32	40	4	2	—	43	188
Fisherman	1,433	146	23	275	194	162	25	58	62	7	—	—	273	208
Cab, omnibus service	2,665	241	29	288	646	613	117	97	56	59	20	—	151	348
Commercial traveller	1,705	250	56	180	432	264	79	110	47	41	11	—	65	170
Brewer	2,448	259	20	297	601	424	99	173	83	45	16	—	115	316
Innkeeper, publican, spirit, wine, beer dealer	2,736	360	47	252	531	390	149	432	67	99	23	—	81	305
Grocer	1,387	192	31	192	300	209	86	94	56	18	4	—	25	180
Draper, Manchester warehouseman	1,588	196	9	135	541	232	67	63	68	14	4	—	41	218
Butcher	2,104	250	41	237	470	375	99	173	59	41	9	—	63	287
Baker, confectioner	1,723	245	47	236	381	334	72	83	47	27	4	—	38	209
Tailor	1,890	259	29	228	513	335	81	86	76	20	7	—	32	224
Shoemaker	1,658	219	31	205	457	282	79	58	54	7	2	—	31	233
Printer	1,926	162	14	167	829	299	54	50	58	5	—	9	43	236
Earthenware manufacture	3,133	252	*	288	851	1,160	88	88	61	14	—	18	43	270
Cotton, linen manufacture (Lancashire)	1,957	255	*	201	489	487	58	77	58	5	—	—	54	273
Wool manufacture (Yorkshire)	1,856	228	27	255	462	369	65	65	72	7	—	—	49	257
Hosiery manufacture (Leicestershire and Nottinghamshire).	1,290	205	40	187	302	207	76	29	41	2	—	—	29	172
All Males (ditto)	1,491	180	31	192	295	254	67	63	50	13	2	—	92	252
Builder, mason, bricklayer	1,743	158	25	205	453	362	88	54	61	9	5	—	81	242
Plumber, painter, glazier	2,162	300	38	252	442	333	180	86	68	22	18	38	131	254
Carpenter, joiner	1,475	160	31	187	367	239	70	65	54	7	4	—	68	223
Cutler, scissors maker	2,354	342	*	200	667	700	63	54	56	5	—	—	31	236
File maker	2,998	471	*	324	779	629	221	74	58	5	—	74	11	352
Blacksmith	1,750	171	20	218	388	367	79	56	63	14	—	—	88	286
Miner (Durham and Northumberland)	1,570	158	9	189	243	219	47	59	61	7	—	—	353	225
All Males (ditto)	1,723	205	23	243	320	279	54	65	74	23	—	—	176	261
Miner (Lancashire)	1,671	149	*	173	225	412	43	32	58	5	—	—	356	218
All Males (ditto)	2,246	255	27	239	450	552	77	76	81	31	2	—	147	309
Miner (West Riding)	1,388	108	9	158	290	309	41	38	56	2	—	—	290	177
All Males (ditto)	1,854	212	29	227	423	383	65	67	70	13	2	—	113	250
Miner (Derbyshire and Nottinghamshire)	1,320	115	9	106	212	248	32	31	61	7	—	—	293	206
All Males (ditto)	1,522	178	27	185	299	266	54	74	59	16	2	—	118	244
Miner (Staffordshire)	1,671	146	5	187	183	468	68	36	50	2	—	—	309	217
All Males (ditto)	1,811	210	23	214	313	406	67	77	70	16	4	—	135	276
Miner (South Wales and Monmouthshire)	1,944	108	7	216	299	527	61	43	63	9	—	—	412	199
All Males (ditto)	1,809	174	14	205	363	376	71	67	70	13	2	—	221	233
Mean for coal miners	1,603	135	8	175	227	353	50	42	58	5	—	—	338	212
Miner (North Riding and other Ironstone Districts)	1,500	92	20	115	254	371	41	25	25	14	—	—	371	172
Miner (Cornwall)	3,308	210	7	200	1,241	824	68	72	101	4	—	—	210	371
All Males (ditto)	1,595	178	23	160	365	297	52	49	65	7	2	—	106	291
Stone, slate quarrier	2,018	149	20	164	554	493	43	45	68	9	—	—	266	207
Costermonger, hawker, street seller	3,379	372	79	408	854	755	124	85	119	34	5	—	95	449
All Males (England and Wales)	1,799	214	25	216	396	327	74	70	68	18	5	2	121	263

* The deaths from Suicide were not separated in this case from the deaths from Nervous Diseases.

Table E.—Comparative Mortality of Males Working in Air of different Degrees of Purity, from Phthisis and Diseases of the Respiratory Organs.

—	Phthisis.	Diseases of Respiratory System.	The Two together.
Fishermen -	194	162	356
Agriculturists -	207	219	426
Grocers	300	209	509
Drapers	541	232	773
Tailors	513	335	848
Printers	829	299	1,128

Table F.—Comparative Mortality of Males in certain Dust-inhaling Occupations from Phthisis and Diseases of the Respiratory Organs.

—	Phthisis.	Diseases of Respiratory System.	The Two together.
Coal miner	227	353	580
Carpenter, joiner	367	239	606
Baker, confectioner	381	334	715
Mason, builder, bricklayer	453	362	815
Wool manufacture -	462	369	831
Cotton manufacture	489	487	976
Quarryman	554	493	1,047
Cutler	667	700	1,367
File maker -	779	629	1,408
Earthenware manufacture	851	1,160	2,011
Cornish miner	1,241	824	2,065
Fisherman	194	162	356

Table G.—Deaths Registered as caused by Accidents in Coal Mines, 1871–90.

—	Under 15	15–	20–	25–	35–	45–	55–	65 and over.	All Ages.	Per 1,000 Accidental Deaths.
Crushing, fall of coal, stone, &c.	491	1,097	1,199	2,154	1,828	1,364	747	199	9,079	489
Fall in shaft pit -	92	148	144	305	248	188	103	44	1,272	69
Machinery, explosion of boiler -	51	61	24	42	44	35	16	10	283	15
Waggon, tram, tub - -	731	721	270	312	267	255	200	106	2,862	154
Drowning	14	19	18	42	20	22	11	3	149	8
Blasting -	5	30	52	133	92	49	23	4	388	21
Fire-damp -	209	531	541	957	606	380	141	40	3,405	184
Choke-damp, suffocation -	37	101	83	158	103	61	40	12	595	32
Otherwise, or not stated - -	52	106	48	86	79	69	54	22	516	28
	1,682	2,814	2,379	4,189	3,287	2,423	1,335	440	18,549	1,000
Numbers enumerated as living at the Census of 1881.	23,301	65,085	61,779	159,965		60,945		7,589	378,664	—
Mean annual death-rate from accidents in coal mines per 1,000 living.	3·61	2·16	1·93	2·34		3·08		2·90	2·45	—

Table H.—Occupations with Highest Mortalities from certain Selected Causes.

Alcoholism.		Liver Disease.		Gout.		Diseases of the Nervous System.	
Innkeeper -	99	Innkeeper	432	Innkeeper	23	File-maker	471
Cab, omnibus service	59	Physician, surgeon -	183	Physician, surgeon	22	Costermonger	372
Brewer	45	Brewer -	173	Cab, omnibus service	20	Innkeeper -	360
Butcher -	41	Butcher -	173	Plumber, painter, glazier.	18	Cutler -	342
Commercial traveller	41	Barrister, solicitor	123	Brewer - - -	16	Physician, surgeon	334
Costermonger -	34	Commercial traveller -	110	Commercial traveller	11	Plumber, painter, glazier.	300
Baker - - -	27	Cab, omnibus service	97	Clergyman, priest, minister.	9	Brewer	259
Physician, surgeon	25	Grocer - -	94	Butcher	9	Tailor -	259
Barrister, solicitor -	23	Earthenware manufacture.	88	Barrister, solicitor -	8	Cotton manufacture	255
Plumber, painter, glazier.	22	Plumber, painter, glazier.	86	Tailor -	7	Earthenware manufacture.	252
Tailor -	20	Tailor -	86	Costermonger -	5	Butcher	250
Grocer	18	Costermonger	85	Builder, mason, &c. -	5	Commercial traveller	250
		Baker - - -	83			Baker -	245
		Cotton manufacture -	77			Cab, omnibus service	241
		Farmer -	74			Barrister, solicitor	231
		File-maker -	74			Woollen manufacture -	228
		Cornish miner	72			Shoemaker -	219
All males - - -	18	All males - -	70	All males	5	All males -	214

Suicide.		Diseases of the Urinary System.		Diseases of the Circulatory System.	
Costermonger	79	File-maker	221	Costermonger	408
Commercial traveller	56	Plumber, painter, glazier	180	File-maker	324
Innkeeper, &c.	47	Physician, surgeon	166	Brewer	297
Baker	47	Innkeeper	149	Physician, surgeon	295
Physician, surgeon	43	Barrister, solicitor	139	Cab, omnibus service	288
Butcher	41	Costermonger	124	Earthenware manufacture	288
Hosiery manufacture	40	Cab, omnibus service	117	Fisherman	275
Plumber, painter, glazier	38	Brewer	99	Woollen manufacture	255
Barrister, solicitor	38	Butcher	99	Innkeeper	252
Farmer	31	Clergyman, priest, minister	92	Plumber, painter, glazier	252
Carpenter	31	Builder	88	Butcher	237
Shoemaker	31	Earthenware manufacture	88	Baker	236
Grocer	31	Grocer	86	Tailor	228
Cab, omnibus service	29	Tailor	81	Blacksmith	218
Tailor	29	Commercial traveller	79	Miner (S. Wales)	216
Woollen manufacture	27	Shoemaker	79		
Builder, mason, &c.	25	Blacksmith	79		
		Hosiery manufacture	76		
All males	25	All males	74	All males	216

The figures in Tables D., E., F., and H. are the deaths that occurred annually in 1880–1–2 in 116,261 males of each occupation, of whom 75,396 were between 25 and 45, and 40,865 between 45 and 65 years of age. This population was selected as being that in which 1,000 deaths of clergymen occurred annually. The figures can be converted into death-rates per 1,000 by multiplying them by ·008601.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

FOURTH DAY.

Commission Room, Westminster Hall, Friday, 28th October 1892.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. Sir JOHN E. GORST, Q.C., M.P.
The Right Hon. JESSE COLLINGS, M.P.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Professor MARSHALL.
Mr. A. HEWLETT.
Mr. G. LIVESEY.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. JOHN MALCOLM LUDLOW, C.B., called and examined.

Sir *Michael Hicks-Beach.*

1740. What position do you occupy?—I occupy no position at present except that of ex-Chief Registrar of Friendly Societies. I am a member of the Savings Bank Inspection Committee, that is perhaps the only approach to an official position that I hold.

1741. But you were for many years Registrar of Friendly Societies, were you not?—Yes, I was Registrar of Friendly Societies for England, and afterwards Chief Registrar from the year 1875 to the year 1891.

1742. And before that time you were Secretary I think, to the Royal Commission on Friendly Societies?—For four years, from 1870 to 1874, when I drew the Friendly Societies Act of 1875.

1743. You have taken very great interest in the subjects on which you are about to give evidence, have you not?—I have, I may say, since the year 1846, when I first began to visit amongst the poor as a district visitor and otherwise, understanding very little of what I saw, but it came to be profitable afterwards.

1744. What are the points on which you propose to give evidence to us to-day?—I am ready to give evidence to any extent within my competence, but perhaps the subject of my examination is to be confined to friendly societies which have formed only a small part, I may say, of the subjects which have occupied me. I should say it appears to me that friendly societies have a very indirect bearing only upon the labour question, and one that it is almost impossible to measure accurately.

1745. By the labour question you mean the question of wages and the relations between employers and employed?—I do. Of course the membership of a friendly society may tell in two ways upon the position of the worker as such. So far as he requires to keep up his contributions, that gives him an interest also in keeping up his wages; and, on the other hand, the fear of forfeiting his benefits by falling into arrears may act as a check to some extent to labour conflicts. The extent to which this operates must depend in a great measure upon

Sir *Michael Hicks-Beach*—continued.

the number of members of a trades union who are also members of friendly societies. That I believe it is impossible to measure, but I may say that the secretary of a large trade union, Mr. Hay of the Ironfounders, who I believe has been examined before the Commission,* lately told me that most of the members of his union were members of a friendly society, and some of them of two or three societies.

1746. Can you say whether those members to whom he alluded were also contributors to the benefit fund of his union for sick benefit and superannuation purposes?—I believe that such contribution is compulsory, but I could not say; he did not state it.

1747. I mean you do not know how far, if at all, working men use the union for trade purposes and the friendly societies for those other purposes?—Of course if they use the friendly society it must be for those other purposes, but whether they also call upon the trades union for benefit I could not say from personal experience. But it appears to me that the fact of a friendly society being exclusively connected with a particular employment does not obviate trade disputes. That is proved by the case of the miners, who have very large friendly societies of their own, and nevertheless we have seen very serious labour conflicts in the mining industry.

1748. But do you think that a friendly society supported by employers in any particular industry, and confined to persons in their employment may not have the effect of preventing disputes?—I could not say from personal experience, but there is the fact that you have had large and important labour conflicts in the mining industry which is the one of all that has the most powerful friendly societies confined to its members. You must

* The Iron Founders' Friendly Society, of which Mr. W. H. Hey is Secretary, has not given verbal evidence before the Commission, but information is given in "Answers to the Schedules, Group A." [C.-6795.—VII.], Nos. 41-56, pp. 18-22, 63-65, 100-103, 141-144.—G. D.

Sir *Michael Hicks-Beach*—continued.

be yourself aware that they form a peculiar class amongst friendly societies and not a very numerous one. On the other hand there is one friendly society benefit which does bear directly upon the labour question, that of the relief and maintenance of members when on travel in search of employment, but it is a very subordinate and inconsiderable one. But there is also another benefit which may have a bearing on the labour question, that of relief to members in distressed circumstances.

1749. Before you come to that let me ask you whether the first benefit, the benefit to which you have just alluded, the relief or maintenance of members when on travel in search of employment, is not falling into disuse in the trades unions?—It is falling into great disuse in the trade unions I understand, and is being replaced more and more, according to Mr. Howell, by a practice of paying fares to jobs when they are found.*

1750. But it is still retained by most of the great affiliated societies, is it not?—Yes, but it is very subordinate; you will find the figures very trifling compared to those of other benefits.

1751. Now let us return to the relief of men in distressed circumstances?—Yes; that also is a benefit which has a bearing upon the labour question. There is clearly nothing to prevent a friendly society from granting distress benefit to members thrown out of work after a trade conflict has ceased, or when they have no part in it; for instance, when a cessation of work is caused by a strike in one trade and throws out of employment men in another one; and I am not at all prepared to say that some of the smaller orders are not sometimes rather blind to the existence of a trade conflict in relieving their members in distressed circumstances; but anyhow the benefit is still a very inconsiderable one, and is generally provided for either by a levy, or at all events by a very small contribution.

1752. Are there not some societies registered under the Friendly Societies Acts, but not as friendly societies, for the express purpose of assisting members out of employment?—There are; there are not many of them, but some of them are important.† They have none of the privileges, so called, of friendly societies, but they enjoy what I may call their general rights.

1753. How do you define that?—Privileges such as exemption from stamp duties, the obtaining of certificates of death at a low cost and so forth; these societies do not enjoy those privileges.

1754. What advantages do they get from registration?—They get a legal status.

1755. Could you specify any of them?—No, I could not just at present name any; I do not know whether the Commission would wish for it, but I observe that for the most part they belong rather to the professions, so called, than to the trades. They are supported by persons who are in the receipt very often of a rather larger yearly income than the man has who depends upon his day labour.

1756. You mean to say they are hardly industrial at present?—Many of them are not, and I should think the majority of them are not. My own feeling is most decidedly that the relief of members out of employment might now be added to the list of ordinary friendly society benefits with all privileges. I think that those specially authorised societies for the relief of members out of employment have subsisted now for a sufficient time, since 1877, that is, without giving rise to any mischief that I am aware of, to enable benefit to be extended still further.

1757. You think that the providing for the maintenance of the working man when out of employment is the most important thing that can be done for him?—Quite the most important; everything for him depends upon his employment.

1758. Do you find that if for friendly society purposes outside the Friendly Societies Acts a subscription is made compulsory by Act of Parliament as a condition of employment, that is a source of friction between employer and employed?—I think it is invariably.

1759. Could you give us an instance of that?—I could not give an instance because my conviction on the subject is founded upon my intercourse with working men, and I could only give the very decided impression which has been left upon my mind.

1760. But I do not quite understand the kind of cases to which you allude?—Many railway companies, for instance, have got special Acts of Parliament which compel their members to subscribe to sick funds or benefit funds, and I most distinctly say that I think the men generally chafe very much under that obligation.

1761. On what ground?—Because it compels them virtually to throw up their own societies unless they choose to pay to two different funds at once. That is the main ground on which they dislike it. And then again there is the feeling of fear of forfeiting benefits, or rather the feeling that they are tied to the particular employment by this statutory benefit, which they would forfeit if they leave it.

1762. That is probably the stronger feeling of the two perhaps?—I cannot say which is the stronger one, but they both certainly do operate.

1763. Then in your opinion instead of improving the relations between employer and employed such funds directly injure the relations between employer and employed, is that so?—I think they have a very strong tendency to do so unless there is the most perfect confidence between the two parties. Of course where there is an absolute confidence between employer and employed, they can be made very beneficial, but not otherwise.

1764. Does your opinion apply to cases of the kind in which the employed have a share in the management of the fund?—I am not aware of any case in which the employed have a share in the management of the fund, so far as it proceeds from the employer. They may have

* Cf. "Trades Unionism, New and Old," by G. Howell, pp. 112, *et seq.*

† In his summary the Witness states that such registration is under a Special Authority from the Treasury of March 20th, 1877. See question 1314 and foot-note.—G. D.

Sir *Michael Hicks-Beach*—continued.

some share in the management of their own fund, but that is all. That fund, for its stability, depends upon the employer's contribution.

1765. The fund would be derived, would not it, from the contributions of both employer and employed?—Quite so.

1766. Are not there cases in which the management of it is shared between the two?—To a certain extent they are.

1767. And in those cases do you still hold your opinion?—Yes, I still do.

1768. Have you another objection to funds of the kind from a friendly society point of view?—Yes; I think that from a friendly society point of view every society whose stability depends upon the employer's contribution must be considered unsafe, because that contribution, generally speaking, depends upon the vote—in a railway society, at all events, upon the vote—of the meeting, and there is no stability about it.

1769. You mean that it is actuarially unsafe?—Actuarially unsafe.

1770. But as a matter of fact do you know any case in which a society of the sort has failed from the failure of their contribution?—Yes; I apprehend Mr. Brabrook may have given you figures as to that.* I think there are at least two societies of the kind connected with railways which came to a bad condition. In one case, the South-Western, it was recovered by great efforts on the part of a gentleman whom you and I know, now dead. He brought it round to a satisfactory position; but it was in a very bad state at the time the Commission on Friendly Societies was sitting.

1771. But was that due to a cessation or diminution of the contribution of the employer?—Not to a cessation. You see, the contribution of the employer, generally speaking, is a fixed sum, and therefore it does not adapt itself to the growth of the society. Of course the men's contribution increases in total as the society increases, but the employer's contribution remains a fixed sum. It is very much as if in an ordinary friendly society half the contribution were calculated on orthodox actuarial principles, depending upon the particular age of the member, and the other half were a fixed contribution for all members. Such a society would be treated as unsafe by any actuary, and the same applies, I think, to contributions by employers, which are generally a fixed amount, and do not vary with the number of members. Where, of course, the contribution is adapted, and varies with the number of members, it is much more secure; that is, if it varies with the ages of the members and the circumstances of the members.

1772. Were the two cases of which you speak cases in which contributions had been fixed, not varying with the number of members?—I believe so; both of them.

1773. And in putting the London and South-Western Company's Society on a better footing, did they arrange that the employer's contribution should vary with the number of members?—I do not recollect.

1774. Have you, in the course of your experience, obtained any information from the principal representatives of the affiliated orders on the bearing which trade conflicts have on the operations and funds of the friendly societies?—No, I have not. I think the Commission had better examine those officers themselves.

1775. Have you had your attention directed to any difficulties that have occurred in the case of trades unions from the funds which had been subscribed for benefit purposes being devoted to trade purposes?—There have been very many complaints, in one Union particularly, the National Agricultural Labourers' Union. Mr. George Mitchell has been very active in bringing forward cases of that description. I am afraid myself that there is no remedy for it, and that the trades union existing primarily for the relief of members out of employment, and the bettering the conditions of their employment, every other purpose must yield to that, and I cannot myself see how it is consistent with the nature of the trades union that an embargo should be laid on any of their funds if they are required for their own primary purposes. Great hardships may no doubt arise in that way. There is that unsafety about all friendly society benefits which are granted by trades unions, but I think it is a necessary one, and as a rule I must say I think trades unions have done their very utmost to keep faith with their members respecting other benefits than merely donation,—trade union benefits proper. Taking even their superannuation benefits, which are known to be a very heavy burden upon trades unions, I believe in almost every instance they have kept faith with their superannuated members, raising levies periodically themselves in order to do so.

1776. Has any instance come under your notice, besides that of the National Agricultural Labourers' Union, in which sick pay, or superannuation pay, or death grants, have been stopped for want of funds?—No, I do not think anyone has come officially before me. That is the most prominent case, and it is a very prominent one.

1777. Have instances come before you in which trades unions have levied under their rules considerable sums in order to keep faith?—Yes. I do not know that officially, but I know it privately.

1778. You are not prepared to advocate any restrictions on the power of trades unions to offer benefits of that kind, and receive contributions for them?—I am not. I think that indirectly those sick benefits are a very useful function in moderating the action of the trades union. At first, before any funds are raised, young trades unions are apt to become very aggressive and very extravagant, and to launch themselves into conflicts, which generally turn out to their disadvantage, but the more funds they accumulate the more prudent they

* See questions 1275–1283.

Sir *Michael Hicks-Beach*—continued.

become, and at the same time, the greater weight they acquire in the adjustment of the difficulties of labour. A society like the Amalgamated Society of Engineers, which has, I think 140,000*l.*, or rather more, of funds, it is evident will neither rush into a conflict rashly, nor, on the other hand, will it be rashly encountered when it does enter into one.

1779. These societies practically do not keep their funds for different purposes separate at all, do they?—Yes, they do, some of them; the Ironfounders for instance do, I know. They keep their own funds very distinct indeed.

1780. Do they keep the fund for management apart from the fund for payment to members?—Yes, I believe many or most of the trades unions do.

1781. Do they allot certain parts of the contribution to management purposes, and certain other parts to trade purposes, and for sick benefit purposes?—I do not think it is of so much consequence, I must say, on the ground I have already stated, in trades unions, as it is in a friendly society.

1782. In a friendly society you would consider that the fund for management and the fund for any other class of expenditure should be kept entirely distinct?—Entirely distinct.

Sir *John Gorst.*

1783. Do you say it could not be done in the case of trades unions?—Strictly they could not, because I say in the case of conflict everything must go, so that I do not see the same necessity in their case as in the other.

1784. Could not the trades unions place it out of their power to divert their funds, even in the case of a labour conflict which had once been hypothecated for the benefit purposes, or again to touch, even in the case of a labour conflict funds which had once been hypothecated to redeem their benefit promises?—They could do it, but it might be to the ruin of the trades union, and therefore to the ruin of the men who had contributed those funds.

Sir *Michael Hicks-Beach.*

1785. You in fact put trade purposes so far ahead of all other purposes in the case of trades unions that you are willing to run all risk?—I think so. I think it follows as a necessary consequence from the purposes of the union.

1786. I suppose you agree with Mr. Brabrook that where a trades union distinctly stated in its rules that a certain part of its contributions was received for purposes of trade, and a certain other part for purposes of sick pay or benefits, that the rule should be adhered to?—No doubt.

1787. That is so, in not a few cases, is not it?—It is.

1788. And therefore in those cases the trades union would hardly be able to fulfil what you would consider to be its proper work?—That is so, certainly, if relief in sickness takes precedence of relief when out of employment. I think it is a dangerous thing in a trades union to do so.

1789. Now I should like to ask you one question about building societies. Has your attention been directed at all to the recent failures of building societies?—Yes, very much so. I have not gone particularly into the matter though my attention has been directed to it.

1790. Have you any opinion you could give us as to any amendment of the law that might be advisable?—I think the law requires very great amendment. I think the Act of 1874 was drawn in the interests of the great building societies, that is to say of their committees; and without any evil intention on their part it is so framed as to almost extinguish the rights of the members, and I think that an amendment of the law should follow very much the pattern of the Friendly Societies Act in giving specific and extensive rights to the members, amongst others the right of inspection, which I believe building societies committees will probably resist to the uttermost—I mean inspection on behalf of either the Friendly Societies Office or any other Government authority at the instance of a given number of shareholders.

1791. Would that be an inspection of accounts, or securities?—I think an inspection of the society's affairs. I think there ought also to be a distinct right to inspect the books on the part of members; in fact most of the rights given to friendly societies ought to be conferred on members of building societies.

1792. Would that have been done if the recommendations of the Friendly Societies Commission had been carried out?—To a certain extent it would.

1793. You are of opinion that more should be done in that direction than was recommended?—Much more.

1794. Would you give a central office power to move without the initiative of the members?—No, I think not. I think the members of building societies ought to be able very well to take care of themselves; they are presumably men with a certain amount of capital and I do not see why they should be aided beyond cognate bodies in any particular manner or to any particular extent by public authority.

1795. There are sections of the Friendly Societies Act which point to action on the part of the central office without the initiative of members of friendly societies?—No, the Friendly Societies Office cannot order an inspection or special meeting without the application of a given number of members.

1796. No, but cannot it publish anything in the interest of the society that it considers injurious to its members?—It has extensive rights of publication, and this I think should also be conferred on it with reference to building societies.

1797. And is not there a section which empowers the Registrar to initiate criminal proceedings against officials of friendly societies who have devoted funds to improper purposes?—Quite so. I think they are all safeguards which should be applied to building societies Building societies, I think, have a greater bearing upon the labour question, or at least a more definite bearing upon it than friendly

Sir *Michael Hicks-Beach*—continued.

societies have, because it is only by means of building societies virtually, and by means of the small periodical subscriptions which are called for that a working man can hope to become the owner of his own house—unless in those very favoured co-operative bodies where a man may eat himself into his house. But as a rule no working man that I have ever met with who has been the owner of his own house has acquired it otherwise than through a building society.

1798. Will you suggest any greater restrictions than the law provides at present on the power of building societies to take deposits?—I do not know. I think the danger has not lain so much in the amount of the deposits taken, as in the absolute want of control over the operations of the committee, and above all the values assigned to the assets. In the case of almost every failure of a large building society, or any one which has done business really, you will find the assets have been overvalued; the property has fallen in value, and it remains in the books at the original value put upon it. That results I think chiefly from the fact that there is no sufficient audit as a rule, and that the auditors do not consider it their duty to enquire in that matter. I am strongly inclined to think that it should be a statutory provision that the auditors should as far as possible satisfy themselves as to the value of the investments of the building society.

1799. You would not suggest any limit as to the amount of deposits which a building society might take on call or short notice?—I should not object to it—the amount is limited now to two-thirds of the mortgages in permanent societies—but I do not think that is the main source of their failure.

1800. We have had some very interesting evidence from the principal workers in the co-operative societies, have you any statement that you would like to make to us upon that subject. We found a very broad distinction between two parties, so to speak, in the co-operative movement, on the question of advantages to be given or not to be given to those who were employed as shopmen or labourers—whether they should share in the profit or not. What is your view upon that matter?—It has always been my feeling that they ought to share in profits. Whilst fully recognising all the benefits derived from co-operative consumption, and those further benefits which may arise out of it if the views of such a witness as Mr. Maxwell were fully carried out, I think yet that there is a very great constant danger arising out of the selfishness of "divi. hunting" as it is called, that is the mere looking out for a high rate of dividend on the part of those who join the society for no other purpose, and to that extent I certainly look with considerable doubt at present on the enormous development of co-operative consumption. I say co-operative consumption rather than co-operative distribution, because the selfish element in the matter lies in the consumption. The unselfish one lies in the distribution, and that is why I think all those that are employed in the distribution ought to share in the profit or to have a distinct recognition of the value of their services.

Mr. *Livesey.*

1801. Distribution or producing either?—Or in producing either.

Sir *Michael Hicks-Beach.*

1802. I think the argument put forward by Mr. Mitchell was rather that as they might be members, and were members in many cases, and could obtain dividends on their shares or on their purchases, in that way they had the advantage of the co-operative system?—Yes, it is a very indirect advantage, and there are some cases, I believe, in which (in fact, I am pretty certain of it) the employees of a co-operative store are not allowed to be members; as a rule they are not allowed to be on the committee of management.

1803. But can you give us a case in which the employees are not allowed to be members of a co-operative society?—I say only that I believe there are some.

1804. Are there any observations which occur to you on the progress of the co-operative movement generally which you would like to make?—There has been a wonderful development from the time—some 40 years ago—when I first became interested in the question. As I say I do not look altogether without apprehension to the turn which it is at present taking in England, and I think it is becoming very much more of a middle-class movement than it used to be, and is perhaps less advantageous to the working classes than I hoped at one time it would be. With reference to co-operative production, that is still a problem to be fought out. At present the tendency seems rather to be towards profit-sharing between employers and employed. I am myself not of opinion that that can be considered as a regular method of universal application between a firm and its members. I think that its success depends entirely upon mutual confidence, and that it is pretty sure to fail when, for instance, on the morrow of a strike an employer tries the method simply in the hope of getting more out of his men. The men understand that perfectly well, and before long the thing breaks up. On the other hand, where there is mutual confidence, I think there may be very great advantages from it. I do not know whether the Commission have had any evidence before them as to the very remarkable instance of profit-sharing which is being developed in the Potteries District.

1805. Perhaps you had better give us it?—This is referred to in a letter which my friend Judge Hughes sent me the other day upon an experiment of this description. It is being begun in Staffordshire by Mr. Brownfield. Mr. Brownfield is establishing a profit-sharing

Sir *Michael Hicks-Beach*—continued.

society with the title of "Brownfield's Guild Pottery, Limited." The works, I may say, have been going for 70 years, and there has never been a strike. That, you see, fulfils my condition of confidence between employers and employed; 350 men, women, and children have been taken into partnership by Mr. Brownfield, and the workpeople themselves have subscribed 2,000*l.* towards the establishment of the concern, and what is better still the trades unions in the Potteries, Judge Hughes tells me, are all keenly in favour of the experiment. That, I think, is a very interesting experiment just starting, and if the Commission were to extend their sittings I think it would be worth while to see Mr. Brownfield.

1806. Those workmen, I understand, are shareholders to the extend of 2,000*l.*?—Yes, shareholders.

1807. Having votes as shareholders?—I know no further details than that.

1808. You cannot say what power they have?—No, I cannot. I might say I cannot but regret that the Commission have not had the opportunity of examining my late friend, Mr. Vansittart Neale, who, from his intimate connexion with the co-operative movement during the last 30 years, would have been the most valuable witness they could possibly have had on those subjects. For myself, I have ceased to take any practical part in it since the year 1875, though I still retain many of my friendships amongst co-operators. Perhaps the Commission might allow me to call their attention to one matter, that is, the very great difficulty there is in ascertaining the facts of a labour conflict. It has happened to me three times in my life to investigate such conflicts, and I speak therefore from experience. I may perhaps refer to a paper of mine which was published in the Transactions of the late Social Science Association on the relative value of the testimony of employers and employed, which goes pretty fully into that question.

Professor *Marshall.*

1809. What year was that in?—I think 1861 or 1862. I presume the Commission have cognisance of the volume of the Social Science Association Transactions upon trade disputes and upon strikes. It contains a series of accounts of labour conflicts by men, some of whom have risen to eminence since then, as Mr. Shaw Lefevre, Sir Godfrey Lushington, the late Professor Stanley Jevons, and Mr. John Ball, who was at one time Under Secretary of State for Foreign Affairs, and various others. I am not aware myself of any other volume which contains such precise details on the subject of these labour conflicts. At the same time, to illustrate the difficulty of getting at the facts, I may say that the only one of these accounts which can profess to be absolutely authoritative as having been checked both on behalf of the employers and the employed is one of my own upon the West Yorkshire miners' strike of 1857. In two

Professor *Marshall*—continued.

other cases the employers absolutely refused to give any information.

Sir *John Gorst.*

1810. To whom did they refuse to give information?—The writers were obliged to trust to the journals and other sources of information. The employers would not give any information to the writers of these reports.

Sir *Michael Hicks-Beach.*

1811. You do not mean, do you, that if there was a strike and an arbitrator was appointed, that the arbitrator would have any difficulty in obtaining facts?—No, these are merely reports. It was a voluntary publication on behalf of the Social Science Association by a Committee on Trades Unions and Strikes. The writers were instructed in every case to obtain information both from employers and employed as far as they could, but I think I was the only one who did obtain information from the employers.

1812. Have you paid much attention to the recent publications of the Labour Department of the Board of Trade on the subject of labour disputes?—Yes; when I was at the Friendly Societies Office I used always to read them.

1813. Do you think it is still very difficult to obtain information?—I trust it is not so difficult now as it was then, because there is a much better spirit abroad amongst employers, 50 per cent. better than it was in the fifties, to which I refer.

Mr. *Livesey.*

1814. The press get information from both sides?—No, from whichever side they can. Perhaps the Committee might be interested in my mentioning one fact. Speaking in the presence of employers I am all the more anxious to state it. That is that an employer does not always know what takes place in his own workshops. It is very natural if you think of it. He is not always there and very often is not there more than for a few minutes in a day, and the consequence is that sometimes if you trust him he will in perfect good faith make you statements the very opposite of the truth, I have known in two cases within my own experience, the last in or about the year 1873, in which an employer has stated in the most positive manner and in good faith that he did not employ a single society man, that is a union man, whereas his works were simply carried on by them.

Sir *Michael Hicks-Beach.*

1815. He merely did not know that they belonged to the Union?—What happened was this. He had had a quarrel with the men; he had given orders to the manager to employ no more union men, and the manager had tried to follow out his injunctions. He had found that the work was spoilt, and he gradually took on union men again until the workshops were quite filled with them. I speak of this positively

Sir *Michael Hicks-Beach*—continued.

because a gentleman who knew the employer in question (I do not name him, but he is a great furniture manufacturer in London) made this statement to me. I expressed my doubts, and obtaining information I found the case was the exact opposite of what the employer believed it to be. I give this as a simple illustration of the terrible difficulty there is in ascertaining the facts.

Mr. *Livesey.*

1816. Going back to what you said about the compulsory subscription to sick and benefit funds, I suppose from the great interest you have taken in these matters you read the judgment in the case of Hewlet *v.* Allen and Sons, or at least you know the purport of it?—Yes.

1817. And at the present time it has been declared by the Court of Appeal in the most authoritative manner that any deduction is contrary to the Truck Act, except for medical services?—Yes, but I do not know that that would apply to funds established by Act of Parliament.

1818. That I do not know, but at any rate the judgment there laid it down most emphatically that the wages were to be paid to the full extent in money, and that this deduction for sick benefit was illegal, but that the workpeople having paid it without protest and condoned it they could not recover or claim the return of the money. At any rate from that time I think it has been laid down very clearly that unless there is some special enactment authorising it, all such deductions are illegal?—Quite so.

1819. I may mention, perhaps, as it may be interesting, that immediately after that judgment was given I called our committee together, consisting of workmen elected by ballot to discuss the matter, and they were unanimous in saying that the men said they hoped we should not make any alteration. They were afraid we might be led to act in accordance with the Act, and to break up the fund. I said then that henceforth the Company cannot make this deduction if it is not legal, but we will go on acting in the same way, and anyone who refuses to pay it shall have his money paid in full. Out of about 3,000 odd men since that there has not been one single case of a man wishing to claim his full pay?—I am very happy to hear it.

1820. At any rate I may mention it to show that according to that judgment there is no right to deduct money. Now, as to employers' contributions. You said, I think, very justly, that where the workpeople's contribution is in a certain ratio to the society, and the employers' contribution is fixed, if the number of workpeople increases the employers' contribution necessarily becomes insufficient probably. What do you think is the best plan on which these funds could be worked? If an employer undertakes to pay a certain amount in order to help the fund, do not you think that he ought to take care that that amount is sufficient

Mr. *Livesey*—continued.

to make it thoroughly sound actuarially?—Certainly.

1821. He ought to do that?—Certainly.

1822. Then how would it be if he works in this way. Take a sick and benefit fund, for instance. The employer guarantees the stability of the fund, the workmen pay 3*d.* a week, say, and the employer half-year by half-year pays all that is necessary to meet all the claims upon it, and there is no building up of a reserve fund, but the employer guarantees the fund and meets all liabilities beyond what the workmen pay, is that fair?—Yes, it would depend, you see, upon the nature and value of the guarantee.

1823. Yes, of course it would.

Sir *Michael Hicks-Beach.*

1824. What you mean is that such a guarantee is not actuarial security?—It is not an actuarial security?

Mr. *Livesey.*

1825. But in what way does the workman suffer. Supposing the employer half-year by half year keeps the fund going, and at last he says "I can do it no longer," and the fund simply comes to an end, the workman has had the benefit during the whole term of the existing fund of his contribution, and at its termination he is no loser?—He is a loser if he has reached old age, for he cannot enter another society except on ruinous conditions.

1826. Yes, there is that. You said that these compulsory subscriptions tended to promote antagonism?—I do.

1827. Simply because the workmen do not like to feel that they are compelled to join it, but it does not necessarily follow that they are to be compelled to give up all other funds?—No, but then they would have to pay twice over.

1828. But then they get double benefit. It is a very common thing for a workman to subscribe to the firm's fund and to subscribe to the benefit society too?—No doubt, but all may not afford to do so, and they do not like to be compelled. I have had considerable experience in funds attached to particular collieries in West Yorkshire, and the various benefit funds which the men were forced to subscribe to caused a very great deal of irritation. No doubt they are now held to be no longer legal, as you justly observe.

1829. Going from that, you had something to say about profit-sharing. With your great experience in these matters I would like to ask whether you think that profit-sharing gives a fair solution of some at least of the difficulties that beset the relations of capital and labour?—I think certainly, when there is mutual confidence.

1830. Would not a system of profit-sharing tend to promote mutual confidence?—Yes, if it carried on in the right spirit.

Mr. *Livesey*—continued.

1831. You used the word "Partnership" in reference to Mr. Brownfield; you said he had taken his people in as partners, but they have subscribed capital and have become shareholders. But taking profit-sharing pure and simple, and where they do not subscribe anything in the shape of contributing to the capital, do you think that profit-sharing, for its full development, needs the recognition of the worker as in a sense, possibly a limited sense, a partner in the concern—to have a share in the management, for instance?—You are asking me a question which has to be answered according to circumstances. I think that any honest sharing of profit with the worker is a good thing so far. I think it is far better that he should have a stake in the concern, and I go the length of thinking that, sooner or later, it will be the case that in a large field of industry at all events, the work should be carried on by working men hiring their capital, but the beginning is no doubt good as well as the continuation.

1832. Yes, but then you see the present conditions of our industrial life are such that an enormous amount of capital is required to carry business on, and that capital is in the hands of the employers and capitalists, and it will be very slow work for the workers to get a sufficient amount, or command of it, to be able to use it in that way. The only movement I can see that promises immediate results is that employers should adopt the profit-sharing system and give their workers, say, a fair share in the management. What do you say to that?—They should do so in every case, I think.

1833. Would you approve of that?—No doubt.

Mr. *Abraham.*

1834. Are the various permanent provident societies, where employers contribute so much per cent. upon the contributions of the workmen for the benefits and accidents, registered under the Friendly Societies Act?—There are many such. In the Miners' Protection Societies, and in almost all of them, the employers contribute something.

1835. Are they insolvent?—I trust they are not.

1836. Have you had a case under your notice where in order to make them solvent the contributions of the workmen have been increased and at the same time the benefits derived are decreased and the contributions of the employers remains stationary?—I cannot call to mind any instance of the kind, but it is quite possible.

1837. And it is your opinion that they are as a rule not solvent?—No, I cannot say that. I express no opinion on the subject. It is a question of actuarial valuation, and I am not an actuary.

1838. But are not you aware that in some of those societies it would be necessary to change the basis time after time, and in so doing the workmen's benefits would be reduced and their contributions be increased, while the contributions of the employers remain stationary?—I cannot say I am aware of it, but I can perfectly believe it as far as my experience of the Friendly Society Office is concerned. You must recollect that when one has to go through, perhaps, on an average 25 amendments a day, besides original rules and so forth, one cannot bear in mind the particulars of each particular amendment, and it would not strike one. Moreover, the contributions of the employers for the most part are outside of the rules.

Mr. *Abraham*—continued.

1839. You will have noticed undoubtedly that when large explosions take place public subscriptions are asked for in order to aid these societies to maintain themselves?—No doubt; and I have noticed this, that several societies have been extinguished altogether by explosions and serious colliery disasters. That I have noticed.

1840. But are you aware also that one of the conditions of these societies, where the employers contribute towards them, consists of the man contracting himself out of the benefits of the Employers' Liability Act?—Nothing of that appears in the rules which are laid before the office.

1841. But, privately, are you aware that it is so?—In some cases I have heard of it being so, but I cannot say it is so always.

1842. Supposing it is so then, and the circumstances under which they work enable them to extinguish the society altogether, would it be a right principle to ask or to compel the workman in that case to contract himself out from the benefits of the Employers' Liability Act?—If you ask my private opinion, I should say I am averse to seeing working men contract themselves out of that Act. Supposing it is a good Act, I think it is much better that they should rely upon it, but I do not think I can go further than that. I say, as far as the Friendly Societies Office is concerned, that contracting oneself out of the Act never comes before it. It is a matter altogether outside of the rules.

1843. If it came before it, could you sanction such a proceeding?—We could not. Certainly, whilst I was there I should certainly not have passed such a rule.

1844. To go to another point; is it not a fact that the building societies, as a rule, undertake to pay deposits on demand?—Not as a rule—many of them do, but I cannot say it is so, as a rule.

1845. With respect to those, then, that make that condition, are the funds in hand invariably insufficient to meet the larger demands?—No doubt it is a serious obligation to undertake, and I think the rule of the Industrial Provident Societies Act is very much better which requires them not to receive deposits repayable under less than two days' notice.

Mr. *Abraham*—continued.

1846. But it happens occasionally that they fail to meet the demands when large withdrawals are made, and that develops into a rush and results in the closing of the doors of the institution sometimes ?—No doubt.

1847. What would you recommend to meet this unsound financial position ?—I have stated that I think the Act should be amended from almost the beginning, so as to place very much greater checks upon the operations of the managing bodies.

1848. And that only ?—Yes.

1849. Would that be sufficient to meet the difficulty ?—As I have already said, I think you should restrict the period within which the deposits are to be repaid.

Professor *Marshall.*

1850. I think you have made a careful study of the conditions of the working classes in England for a longer time than anybody has now alive ?—I think I have gone more round the social question than anybody now living, although many persons are far better informed as to particular branches of it.

1851. I think, in conjunction with Mr. Lloyd Jones, you wrote a book on the progress of the working classes ?—I did.

1852. That I think was the text book for the subject in all countries for a long time, and might I ask you to give the Commission your general impression as to the changes in the condition of the working classes during the time of your observations ?—I think the condition of the working classes has changed immensely, but not so much, I am happy to say, as the change in public opinion on the subjects relating to that class. I find now that boys and girls almost fresh from school are at a point of advancement in relation to this question at which in 1848 we could not bring grown-up people to, and were considered heretics and revolutionists for trying to bring them to. I think the change in public opinion on that subject has been something perfectly marvellous. I cannot express it sufficiently. The working class also has developed enormously in intellectual acquirements and habits of business and largeness of outlook, though perhaps they have lost a little of that enthusiasm and spirit of generous aspiration which I think distinguished my working-men friends of the earlier days. Now the black spots in the country may, I think, almost be counted on the fingers. In former days it was very nearly all black with but few white spots.

1853. I understand you to hold that the condition of the working classes has improved very fast, but not so fast as public opinion has as to the proper standard of the condition of the working classes ?—I think that is so.

1854. You divide the progress of the working classes into material and moral progress ?—Yes.

1855. Would you give us generally an account of the material and moral progress they have made. May I ask you to give first the artizans, and secondly the labouring classes ?—The material progress of artisans if you ask me for the figures——

Professor *Marshall*—continued.

1856. No, not figures. I do not ask for them ?—The intellectual progress of the workers has been very great.

1857. Take the material side first, and speak to the producing power of the wages of artisans ?—I have no doubt that the wages have increased very considerably indeed throughout the country. As I say, there are only a few districts in town or country where they are very low indeed. I take, for instance, as one instance, the very vast improvement of the whole class of riverside labourers. I remember the time when in the ballast-heaving trade the gangs were contracted for by the publicans, and a sober man had not the least chance. That has been all swept away. In those days also there was a tremendous struggle at the dock gates, which was put a stop to within the last few years by the Dockers' Union.

1858. When you first knew the working classes, is it not a fact that the question of having merely sufficient wherewith to buy bread was a very important question for them ?—I hardly know how to answer your question. I was a member of the Anti-Corn Law League for that matter, and in that respect I certainly went into it, because I thought the price of bread was too high.

1859. I meant when you first knew the working classes, were not they compelled to spend a very large part of their income on the mere purchase of bread ?—Yes; my chief experience of the working classes dates from 1846 for the beginning, but chiefly from 1848. At that time the Corn Laws had been abolished, and I do not think there was that struggle which you speak of.

1860. Your experience begins later perhaps ?—Yes, a little later.

1861. Do you think that the material improvement has been the more marked in the artisan class or in the unskilled labouring class ?—Very remarkable in both, but what is the most cheering feature has been the approximation between the two. At the time when I first knew the artisans there was a broad line of demarcation between them and the labourers, and there was a sort of tacit coalition in many cases between the employer and the labourer; the artisan was equally opposed to both. But since then we have seen the very cheering spectacle (I say this quite apart from any personal characterisation of individuals) of members of the aristocracy of the trade, as it is called, the engineers, coming forward in the most manful manner to lead the unskilled labourers. Mr. John Burns and Mr. Mann, for instance. I can hardly express my sense of the value of that fact in bringing together the different sections of the working classes. Then to go to another instance of the wearing away of petty jealousies; the first working man who was ever a member of a Royal Commission, Mr. Applegarth, who was at that time the secretary of the Amalgamated

Professor *Marshall.*—continued.

Society of Carpenters and Joiners, was, I was told, worried out of his place by sheer jealousy, because instead of the working men being proud of having him on the Commission, they were all jealous of him. But at the present day the present Commission is an instance of the total disappearance of that feeling, and the presence of so many working men upon it shows the better view which has been adopted by the working men. That, I think, you will also see from the proceedings of the Trades Union Congresses from year to year.

1862. You have been speaking of the growth of moral sympathy between the labourer and the artisan classes?—Yes.

1863. Should you say that the differences between the prosperity of the labouring classes are greater than they were, should you say that the difference between the income of the two classes is as great as it was then?—I have no figures at my disposal to enable me to form an opinion upon that.

1864. Could you add anything more to the general history of the working classes during your experience; you have spoken of the intellectual improvement?—Yes.

1865. But could you give a further instance of their advance?—The workmen take a much greater part generally in all social questions, you find them everywhere; you find them in the magistracy, you find them in the town council, and the London County Council, and so forth. They have risen and are rising on every side in the social scale.

1866. Could you tell us anything of the amusements of the working classes when you first knew them?—I can tell you this, that a vast number of them did not know how to amuse themselves in the least, and during our experience of the Working Men's Colleges, amongst other things, we were quite surprised at the inability of many of the genuine workingmen to understand fun—literary fun—at all. If something very humorous was read to them they did not take it in the least, and they really had to be educated into the sense of humour. That, I believe, was in a great measure owing to the very depressing circumstances under which they had been brought up from childhood. I am speaking of the time before the repeal of the Corn Laws.

1867. Do you say they had less humour before the repeal of the Corn Laws than at any other time?—I should think so.

Sir *John Gorst.*

1868. You gave an answer to Professor Marshall about black spots. What are the black spots in the country?—There is one in the potteries, for instance. And the condition of the chain-makers at Cradley Heath, for instance, is very bad indeed.

1869. Do you think the condition of the workers in the potteries is worse, for instance, than that of the miners or the textile workers in the North?—With reference to the miners I must make a great distinction between one mining field and another. I believe that the coalfields of Somersetshire and Gloucestershire are in a far less satisfactory condition than those in the north. I have no recent data on the subject as to those in Staffordshire.

Sir *John Gorst*—continued.

1870. You think their condition in the potteries is below the average?—In a large portion it is so, as to the lowest ranks of them.

1871. You also specified the chain-makers in Cradley Heath?—Yes, that I believe to be very bad.

1872. Can you mention any other spot?—You ask me as to something which I have no recent data on.

1873. Did you mean to indicate that the condition of things generally was better when you said that there were few black spots in the country?—I express a favourable opinion when I say that the black spots are few in number. In the south-east end of London much has been done and there is yet a very great deal still to be worked up, you may say, in the condition of the labourers. In other cases the change results from the displacements of industries. For instance, I happened to learn quite recently, within the last year, that the watchmakers of Pentonville and Clerkenwell, and also of the east end of London, have been reduced to great misery by the shifting of a portion of the watchmaking trade to Lancashire, where it is carried on by machinery. That is perhaps only a temporary calamity, but it produces a very great misery whilst it lasts.

1874. I was going to ask you what becomes of that sort of men. Do you say they get absorbed into other employment, and if so, how do they get so absorbed?—That is just the thing. They are not fit for anything else, and that is why the misery is produced. It is because a man who has done nothing but executing a very small portion of a watch all his life is really fit for nothing else.

1875. But what does actually come to him?—I cannot tell you what comes to him. Some of them go to the poor house. Some get work as day labourers and compete with those already in that employment, and some starve out of existence.

Mr. *Jesse Collings.*

1876. Going back to your remarks on trades unions, what is, generally speaking, to be gained by the attainment of the objects of trades unions and friendly societies?—There is a very great difference between their objects. The object of a trades union is the maintenance and advancement of the condition of the labourer as such in a particular employment, but the object of the friendly society is simply to ensure certain benefits, generally speaking, in sickness or in death.

1877. And are not the objects of the friendly societies, as you have described them, undertaken also by trades unions?—No doubt.

Mr. *Jesse Collings*—continued.

1878. Then the trades union is a friendly society and something more?—It is a friendly society and something more in many cases.

1879. Then taking the friendly society work of the trades union, do we understand from you that there is no supervision over the trades union in respect of that department of their work, such as there is in the case of friendly societies?—No, there is no supervision. They are not required to have valuations—that would be really absurd in their case—and in other respects there are not the same safeguards as there are in the friendly societies.

1880. But if a trades union undertakes friendly society work, are you of opinion that that branch of their work should not be subject to the same provisions and the same safeguards as similar work undertaken by friendly societies?—I do not see how it can be.

1881. Have the rules of trade societies which it is desired to register to be approved before they are registered?—We never express approval even of any friendly society's rules.

1882. Then they have to be submitted to the registry office?—Yes, and if they contain certain provisions required by the Trades Union Acts they are registered.

1883. Then, mentioning the National Agricultural Labourers' Union, are you aware that there are a large number of men who have paid into the benefit part of that Union and who find themselves now unable to get any payment in return in their sickness?—I am perfectly aware of it.

1884. You will admit also that is a grave and unfortunate position for them at an age when by infirmity they cannot enter into any other society?—No doubt.

1885. Now, taking that Labourers' Union, one of their rules provides for all those members who shall pay the benefit contributions hereinafter mentioned a weekly allowance during sickness and a payment of a sum of money at death. Those rules, I presume, were submitted to a Government Department?—No doubt.

1886. Then, do I understand from you, that there should be no compulsory power under which the managers of a union like that should be made to keep the funds so paid in for the purposes for which they were paid in?—I have already stated that such provision appears to me to be contrary to the essential purpose of a trades union. People must take that risk when they join them—that inasmuch as it exists, as I have stated, for the maintenance and improvement of the condition of the worker, they must take the risk of every individual benefit being made subordinate to that. If they did not choose to take that risk they ought not to join the trades union, but ought to confine themselves to the friendly society.

1887. But as to the objects, as stated in the rules, which rules are laid before the labouring classes, it is distinctly stated that they are for benefit in sickness and other benefits, and the payments of the labourers are invited on that ground?—No doubt.

Mr. *Jesse Collings*—continued.

1888. Then are you still of opinion that there should be compulsion under which the men who invite that payment should hold that sum safely for the purpose for which it was paid in?—I do not see how it is possible for the State to interfere with the appropriation of the funds of trades unions so long as they are not for an absolutely illegal purpose.

1889. But under the Friendly Societies Act section 16, I think it is, the registrar has power either to prosecute or to allow others to prosecute a society for appropriating sums paid for one purpose to another purpose. I believe he has that power under the Friendly Societies Act?—Just so.

1890. Then are you of opinion that that should be also applied to the trades union?—When trades unions themselves ask for it, then I should be quite willing to see it; but at present I should certainly not attempt to force it upon them.

1891. I think you have said, in answer to one of the members of the Commission, that you would be quite willing to extend it to the building societies?—Yes.

1892. But not to the trades unions?—But not to the trades unions.

1893. Might I ask you for what end you would extend it to the building societies?—That is scarcely the question. I think you do not understand my position, which is that that primary purpose of the trades union of keeping up and improving the condition of the workers in it must take precedence of everything else; but when the time comes when the working classes should feel that confidence in the State, that they should feel disposed to allow it such interference, then, of course, I should have no objection to it. At present I think it would be a very dangerous interference with the operations of these societies, which, I believe, are dearer to the working classes than those of any other description.

Duke of *Devonshire*.

1894. Were not you going to point out the difference as to the building societies?—A building society is a society merely for the purpose of advancing money on real security. Of course there is no objection whatever to making any enactments you please as to the regulations for that purpose. That is quite a different thing.

Mr. *Jesse Collings*.

1895. I am only asking these questions with a view of getting some remedy against the repetition of a case which, I presume, you admit has created a great deal of suffering and disappointment to a large body of very deserving and poor men. The object of my question is to get your opinion as to what alteration of the law might be made in order to prevent the recurrence of such a misfortune as that?—The answer is that I do not imagine that any alteration of the law under the present circum-

Mr. *Jesse Collings*—continued.

stances would be sufficient for the purpose. What has to be done is to teach the working classes the exact state of things, and how, if they do subscribe to such a fund, they must do so, taking the risk of all its contingencies, namely, that of being swallowed up for trade purposes. Now I enter upon another branch of the subject: Whether there has been on the part of any society such action as has unduly interfered with the proper appropriation of its funds I do not pretend to say as to that. It is possible that the society referred to may have taken steps, but that would be merely an individual matter. With reference to the general subject of what is called misapplication of trades union funds, and turning them from one purpose to another, I do not think there is any legal remedy, unless, as I say, the working classes generally are willing to give the State that further power over their organisations.

1896. When you speak of the primary object of trades unions, are not the objects placed before the public in their rules?—No doubt they are.

1897. And is not Rule No. 4 one which invites payments for benefits in sickness and death as important a rule as Rule No. 2, which is for protecting trade interests, &c.?—I do not think it is as important to a trades unionist, otherwise he would enter a friendly society instead of entering a trades union.

1898. Then would you give us your opinion as to whether a labouring man would not be far more secure in subscribing to a good friendly society than to a trades union? I mean having regard to the question of sick benefits and superannuation provisions and so forth?—Undoubtedly he is far more secure legally in entering a friendly society than a trades union. There is no doubt of that. He has virtually no legal security in going into a trades union.

1899. Then he has no security at all in the trades union that he would secure in old age or in sickness benefits for which he has made the payments?—None whatever, but the honour of his fellow-members, which, as a rule, as I say, has displayed itself in levies and special contributions for the purpose. But you must just observe this, that it is very risky in an employment such as that of the agricultural labourer, which is very poorly remunerated on the whole, for any man to start such a number of benefits as that of the National Agricultural Labourers' Union. I think anyone who had common sense must have felt when that Union was started that they would never be able to carry out all their benefits, quite apart from any question of mismanagement. I am very sorry for the agricultural labourers who engaged in it, but I must say that I think what has happened sooner or later must have happened. The agricultural labourers are not at present in that condition in which they could pay sufficient contributions for securing all the benefits which that Union professed to secure to them.

1900. Then another question on that. Do you think it for the public good, bearing in mind what you say, and speaking more particularly of the humbler classes of labourers, such as the agricultural labourers, to have a Government Office to register a society and to receive their balance sheets every year, when the competent and able men at the head of that department, such as yourself, for instance, can see that there is likely to be a catastrophe at some time or another with regard to them, and yet do nothing. The question I want to ask you is, Do you think it unadvisable for a Government Department to register such a society or continue to register it after it has got information as to the character of the society?—I think it is perfectly impossible for any Government Department to guarantee the solvency either of a friendly society or a trades union or of any other body which comes to it—absolutely impossible.

1901. I was not asking about insolvency, but are you aware of the very fact, that the management of the trades union can say to an intending member or contributor, "Our society is registered at the Government Registry by the Registrar General," is likely to give a confidence to this perhaps ill-informed humble labourer that ought not to exist at all in connection with the fact of its being registered?—I can only say that from the time I entered the Friendly Societies Office till I quitted it, we never wearied in taking every opportunity we could of warning people that the fact of registration was no guarantee of solvency. In every possible shape and on every possible occasion we have set that forth, and we could not do more than that.

1902. It is not a question of any want of energy on your part or care on the part of the department that I put my question. But my question led up to this, whether some alteration of the law is possible by which extra powers might be given to the department to more clearly prevent a calamity which has never been remedied with regard to legal contributors. That is the only object of the question?—I think the registration of trades unions does confer decided benefits on them, and I should be very sorry to withdraw those advantages from trades unions generally, because there are some which do not fulfil all that is required of them. I should be extremely sorry to see the bulk of honest and well-meaning trades unions which are upon the books deprived of their advantages because of one black sheep, and I am afraid you must call that particular Union a black sheep which you have in mind.

1903. You have no power to prevent that in the case of your seeing in the balance sheet some of the funds taken for trade purposes, and taken perhaps to any extent?—I do not wish to have any power to prevent it.

1904. It does not come within the province of the Department to pass any remark upon it or to warn them as to the danger of that. Is that so?—No, at this moment I am not certain how far we should be aware of it in the first instance.

Sir *John Gorst.*

1905. I understand you to say you thought it the duty of the manager of the trades union to lay hold of the benefit fund for the purpose of carrying on labour warfare if they thought it necessary ?—If it is absolutely necessary to the existence of the trades union, I think they must do it.

Mr. *Jesse Collings.*

1906. But supposing it is a speculation, such as the starting of a newspaper or buying a farm, what then ?—Starting a newspaper—that all depends upon whether it has been properly authorised by the trades union.

1907. Then it comes to this, that your opinion is that there is no guarantee to a labourer who pays into the trades union society for the purpose of a sick fund and superannuation that in his time of need when he gets old, he shall ever get any repayment out of the fund ?—Certainly not. And there is no guarantee in a friendly society. The friendly society may fail as it often does.

1908. Yes, but there is this distinction, that whereas a friendly society must devote the funds they have received to the purposes for which they have received them, the trades union might swallow them up in employing them in other things ?—No doubt.

1909. Therefore, there is that distinction between the two ?—Yes.

1910. Have the friendly societies power to raise levies ?—Yes.

1911. And the trades union ?—The trades unions make much greater use of the power to levy than the friendly societies.

1912. Then is it not the fact that when levies are ordered or voted, if labourers, for instance, who have paid into the sick fund for a long period cannot pay those levies, or do not pay them, they cease to become members, and forfeit their benefits from the sick fund under any circumstances ?—If that is the result of the rule they would.

1913. So that a trades union might impose such an amount of levies as might throw off all the poorer part of their members ?—They might no doubt, and the same would occur in any trades union if its power of levy really exceeds the capacities of the members to pay them.

1914. Then with regard to this Union which is still going on, it would be your opinion that a labourer would be comparatively safe, or at any rate he would be free from the danger which has already happened to a society by investing in a friendly society which had not the dangers spoken of in connexion with trades union ?—If a friendly society has properly calculated a scale of contributions and benefits no doubt he would be better.

1915. Admitting the steps you have taken to point out to the labourers that the fact of registration is not in any way a guarantee of the soundness of the society, are you aware that in the remote parishes of the country, in villages and so forth, nevertheless, the fact that it is registered does carry to the minds of these labourers almost universally a feeling of some sort of security that the fund which they make by their contributions shall be kept for the purpose for which it was intended ?—That is quite possible, and I can only trust to the general diffusion of common sense and education to remove that idea.

Mr. *Jesse Collings*—continued.

1916. But waiting for the diffusion of education and common sense would make it too late for those who are waiting for benefits, and would not it, in your opinion, be better that the Government Department should not register ?

Duke of *Devonshire.*

1917. I think Mr. Ludlow has answered that question. I understood him to say that in his view it was an advantage, in spite of that, that they should be registered ?—Yes.

Mr. *Jesse Collings.*

1918. Do not you think it would be better to do away with this misleading proceeding that now exists with regard to registering a society, leaving it as it should be in the eyes of the poorer labourers ?—No doubt my successor would be only too glad to recommend suggestions to the Government with a view to the amendment of the law.

1919. Would you extend the law as to voting in friendly societies to the trades unions ?—No.

Duke of *Devonshire.*

1920. Just one question, not as a question of legislation but as a matter of your opinion; I should like to know whether you consider it is a desirable thing that the union should assign the provisions for benefits to trade protection purposes ?—I have already stated that I think there may be advantages connected with that, which would justify the proceeding, in the early part of my examination.

1921. Is not it almost certain that as time goes on there will be a very strong inducement to those who manage the union to employ the benefit fund for trade purposes ?—I do not think there is any necessity for that. In those cases where they have applied it temporarily to trade purposes they have restored what has been used by means of levies or contributions.

1922. That might be done as a matter of duty, but the inducement is rather the other way, is not it. After a trades union has been in existence for a certain number of years, and those who are entitled to its benefits begin to take advantage of them, there is rather an inducement, is there not, on the part of the younger men who manage the union to apply those funds for the purposes which they may think more urgent than those for which they have been contributed ?—I think experience shows the contrary; it shows that the older a union is the more prudent it is in its transactions as a rule. There may be exceptions, no doubt, but that is the rule, I think. The younger unions are always ready to start with a big strike.

1923. Some of the newer unions do not profess to find benefits, do they ?—They do not,

Duke of *Devonshire*—continued.

and I quite admit that it is a very difficult matter to say how, in the unions which are now being extended to the quite lower strata of the labouring classes, any benefits beyond the most necessary trade protection benefits can be provided for, simply as a matter of pounds, shillings, and pence; but wherever these benefits can be provided for properly it adds to the security and the wise government of the union.

Mr. *Abraham.*

1924. Is it possible for any trades union officials to use any of their funds without such power being provided for them by rule?—They ought not to do it. Whether it is done I really cannot say.

1925. Do you know of any cases where it has been done?—These cases do not come before the Friendly Societies Office, except the one case which Mr. Jesse Collings has been examining me about in regard to the Agricultural Labourers' Union, that is, but my knowledge of it is purely accidental, and it does not come before me as the result of the documents which are laid before me in my office, but from private application by Mr. Mitchell.

1926. Then, generally speaking, in trades unions their officials have power to spend their moneys, provided it is done by rule, and by rule only?—No doubt.

1927. These rules are made by the majorities of the men themselves, are not they?—Yes.

1928. So that no hardship can be brought upon trades unionists as such, but those which they themselves in making the rules have consented to?—Your question would only apply to those who are original members. It could not apply to the case of members joining afterwards, who had no share in the making of the rules, and simply accepted them.

1929. But as a rule, when a man becomes a member he has previously had a copy of the rules of the society?—Yes.

1930. So that he is well informed of the means and the ways of managing the society?—Yes.

Mr. *Abraham*—continued.

1931. Have you any means of knowing officially or otherwise that trades union officials have been in the habit of using the moneys of their societies for purposes for which they were not empowered to use them by the rules?—No, I cannot call to mind a specific case.

1932. So it is not a question of the society being misled by its officials, but a question of power being given by rule?—Precisely, only at the same time the rules may have been originally framed by officials in a state, you may say, simply of ignorance, and in such a manner that they cannot be entirely carried out.

1933. But all the rules are passed by the majorities in the meetings to which they have sent their delegates—the annual meetings and so forth, and these rules when they have to be altered are brought before the general body of the men?—In many cases there are no delegates at all, that is to say, that many small trades unions have no delegates. The rules go directly before the whole body perhaps.

Professor *Marshall.*

1934. Might I ask with regard to the differences between building societies and trades unions. Is it not that the law with regard to building societies is insufficient, because the members of the building societies are not adequately protected against the indiscretion or ill-conduct of the officers of the building society?—I think that is to a great extent the fault of the present law.

1935. And there is no such fault with regard to trades unions?—No, I do not think so.

1936. As a matter of fact, whatever is done by the office itself in the case of the trades unions is done with the full knowledge of all the members of the union, and after full discussion?—I think that is the case as a rule, although the law does not provide for it at all, but, as a rule, I must say that I consider that, generally speaking, the rules of trades unions express very fairly the views of their members.

The witness withdrew.

Mr. WILLIAM HENRY GARDENER called and examined.

Duke of *Devonshire.*

1937. Are you the Registrar of the Egham Free Labour Registry?—I am.

1938. Will you state the origin and objects of this Society?—I have jotted down a few remarks in reply to the invitation of your Secretary to give evidence here to-day. I should be much obliged if I might be allowed to read my notes, as I have not had experience in giving evidence. I would first explain that our registry, or, as it might better be called, public agency for employment, was started in the beginning of 1885 at the instance of a gentleman residing in our neighbourhood. I have handed to your

Duke of *Devonshire*—continued.

Secretary copies of all the seven annual reports we have issued of the working of our registry (*see Appendix* LIX.) and I have other copies at your disposal here. The appended statistics are supplied from my books. I do not know that I can usefully add much to the various suggestions and proposals in these reports. I will ask you to let me read the opening paragraph of our first report, describing our original idea: "This Registry was opened "in February 1885 to afford easy means of "communication between unemployed labourers "and artizans residing in the parish of Egham "and employers requiring workmen, with the

Duke of *Devonshire*—continued.

" hope of avoiding or diminishing the waste of " time and energy, and the hardships involved " in 'tramping for work.' The need for such a " Registry was suggested by the case of a " respectable local workman, who found work " by chance near his home after walking vainly " some 50 miles through incorrect hearsay " reports of available work. The Egham " Registry is limited to those who reside six " months in the parish. It is hoped that in " time similar free registries may be established " in adjacent parishes, and that their scope may " be extended to include a record of vacancies " for boys and apprentices."

1939. Do you propose to state afterwards, or shall I ask you now, if you can give us any account of the actual working of this society. What has it done?—You mean so far as regards statistics. You have had placed before you what we have done.

1940. Perhaps you had better put the document showing what you have done into your evidence. You have stated the object with which it is formed?—Yes.

1941. My question is;—can you give us any information about it, and what its results have been?—The results have been very satisfactory. These are the statistics since 1885, as to what we have done:—

TABLE showing NUMBER of APPLICANTS provided with WORK by the EGHAM FREE LABOUR REGISTRY and the ANNUAL COST.

—	1885.	1886.	1887.	1888.	1889.	1890.	1891.
Gardeners	10	34	32	28	58	50	40
Carpenters	36	59	40	29	27	21	52
General labourers	46	99	101	61	73	103	49
Painters	53	49	29	39	26	28	26
Draughtsmen	1	—	—	—	—	—	—
Stonemasons	5	3	4	2	2	1	2
Bricklayers	15	35	22	14	14	8	37
Grooms	1	13	20	20	19	23	18
Plumbers	14	4	7	3	5	1	1
Gasfitters and whitesmiths	—	11	14	6	3	1	—
Boys	—	18	22	18	14	9	11
Married couples	—	—	—	—	3	1	1
Laundress	—	—	—	—	—	1	—
Charwomen	—	—	—	—	—	—	5
Cooks	—	—	—	—	—	—	2
Total	181	325	291	220	244	247	244
	7*l.* 9*s.* 2*d.* (8 months.)	7*l.* 18*s.* 4*d.* (1 year.)	9*l.* 9*s.* 6*d.* (1 year.)	9*l.* 13*s.* 0*d.* (1 year.)	10*l.* 11*s.* 6*d.* (15 months.)	11*l.* 13*s.* 0*d.* (1 year.)	10*l.* 4*s.* 0*d.* (1 year.)
Total of separate cases	—	—	223	183	201	205	214
Total of applicants	223	374	369	284	280	264	289

1942. You might give us the totals and hand in the paper?—In 1885 we found work for 181 persons out of 223 applicants.

1943. Was that in one year?—One year, or rather that was eight months. That was the first commencement.

1944. Perhaps you will give the totals and hand in the paper?—Yes, I have got the total.

1945. Give it to us exactly in your own way, I do not ask you to give it under each year, but you can give the results in one year, or the results of the whole of the years?—Out of 2,083 applications we have found work for 1,500 or 1,600 people in the course of seven years.

1946. When you say that it is limited, I think you said it was limited to a certain area?—Yes, the parish of Egham.

1947. You do not undertake to find work for anybody outside your parish?—We do if we have no suitable applicant on our book who resides in the parish.

1948. I think you were going to speak of that paper in your hand, and to give us your opinion on affiliation?—Yes, if such registries were affiliated to a central office, information could be exchanged as to the entries in the respective registries, and migration of labour would be then facilitated from overstocked districts to places where labour was scarcer. The registries could also be used as records of the facilities afforded by some of our colonies and by various home institutions to assist emigration.

1949. Has any attempt been made to form a Central Society?—I think not. There are registries started in different parts, but I do not think that they have in any way been affiliated.

1950. Have you had any applications from other parishes?—Yes, and have been able to send labour from our own parish to other parishes.

1951. But you have had no permanent or regular organisation established?—No.

1952. And no attempt has been made to form one?—I think not.

1953. What is the organisation of the registry?—Those are a body of gentlemen. I was going on in my remarks to say something about

Duke of *Devonshire*—continued.

that. I should like to state my views on the management of the registry.

1954. Very well. What is the organisation of the registry you represent?—It is by private gentlemen.

1955. And what observations have you to make on the subject?—I am only prepared to say this—that from my experience at Egham I consider that in country districts registries or public labour agencies, ought to be of great use and to be taken up by either rural boards of guardians, or by some other local authorities. I think that such registries are perhaps more likely to succeed if they are under the control of a representative body than of private philanthropists. It is idle to ignore the fact that they could be worked so as to excite the distrust of the regular trade unions. I think, however, if you had the registry under the control of a representative body this feeling would be less likely to arise. The trade unions have not taken up the work themselves in country districts, and I think they would, as sensible men, appreciate the fact that these registries are a public need in country districts, and that sooner or later they are sure to be established and I think unions will feel they had better acquiesce in their being established under responsible representatives than by philanthropists here and there over the country. That is my opinion as to the management.

1956. I see your registry is managed by what you call the supervisors?—Yes.

1957. Honorary supervisors?—Yes.

1958. What do they do?—Nearly the whole management is taken in hand by me. But we meet periodically and I report to them, and throw out any suggestions that I think beneficial for the registry; and they look over the statistics, and correct my books.

1959. In fact, the management is entirely in your hands?—Entirely.

1960. Do you believe that the management of other registries of the same character is similar?—To a great extent, I think.

1961. When you communicate with other registries, whom do you communicate with—to the registrar?—To the registrar. Sometimes he is called superintendent.

1962. Do I understand you to say that there is any jealousy on the part of trade unions of this organisation?—I do not know of any, but it has struck me that there may be, and so we always avoid the question of wages, and also we never send any labour to a district where there is any trade dispute.

1963. What are your relations with the employers. Do they subscribe?—Yes. You will see by our report that the employers of labour give small contributions; but we always ask a man who has obtained employment through our registry, to subscribe, say a few pence per week, after he has obtained employment, as a recognition of what we have done.

1964. And do the employers come to you and ask for lists?—Yes, and they have lists sent them every month of those that we have on our books.

1965. Are you able to say positively, that the numbers you have given us as those for whom you have found employment, have found it through your organisation?—Yes.

1966. And that they would not have found it in the absence of your organisation?—I cannot go so far as to say that.

1967. Has this employment been generally found by employers in your own district?—I might say, perhaps 15 per cent. is to other districts.

1968. But you told us that employers in your own district have found your organisation a convenient means of obtaining the labour of men residing in the district?—Yes.

1969. And I understand you recommend the affiliation of these registries to a central body?—The central office should be in the county town, and the other offices and different places in the county should be affiliated with that.

1970. Has no registry made any suggestion of the sort?—Not that I know of.

1971. Is there anything you desire to add?—There is another feature in our arrangements to which I should like to refer. We have a small loan fund, out of which we advance freely help to men when they obtained berths to assist them in transit to the distant employment, or to the redemption of tools, &c. During the winter we have men place their tools in pawn, and we advance them money to enable them to redeem them.

Mr. *Austin.*

1972. What is the population of Egham?—10,300 at the last census.

1973. What is the class of people you provide work for?—The majority are unskilled labourers.

1974. Are there any factories in Egham?—None.

1975. Is there any Trade Union?—In connexion with the bricklayers and I think the carpenters.

1976. Is there an unskilled labour organisation there?—No.

1977. When people apply to you to get work for them, do you manage the rate of wages?—No, we have nothing to do with it. If a person applying for a labourer or a mechanic wishes to state the wages he would like to give, I take it down and tell the men; but I very rarely do that. I generally leave it to the employer and the employed to make that arrangement.

1978. When a man applies for employment does he pay any fee?—None.

1979. But when he gets employment he subscribes?—A small fee.

1980. Who has the management of those funds when they accumulate?—We do not have much. Funds do not accumulate much.

1981. How many officers belong to it?—Four or five.

1982. And who pays the expenses?—My work is honorary except that I receive a nominal fee

Mr. *Austin*—continued.

of 5*l.* for allowing the registry to be kept at my shop. I have to answer as many as 300 letters in a year; but I am very glad to give my services gratuitously, as I take an interest in the movement. I do not recommend this philanthropic movement in connexion with it.

Mr. *Livesey.*

1983. You mean that the officers should be paid ?—That the officers should be paid.

Mr. *Austin.*

1984. As regards the loan fund, who provides the money for giving out the loans ?—One of the honorary supervisors.

1985. What interest do they charge ?—None at all.

1986. What security have they ?—None at all—only the men's honour.

1987. Do the men repay the loans ?—75 per cent. of them do.

1988. And are they satisfied with the working of it ?—I believe so.

1989. Satisfied with getting 75 per cent. out of a hundred ?—The supervisor is.

1990. And willing to lose the remainder ?—Yes, perfectly willing. I may tell you who he is. It is Mr. Nathaniel Louis Cohen.

Sir *John Gorst.*

1991. What are these sums put down each year at the bottom of your table ?—The expenses.

1992. The whole of the expenses ?—Yes.

Sir *John Gorst*—continued.

1993. Then do I understand that the whole expense of the year 1891 was 10*l.* 4*s.* 0*d.* ?—That is all.

1994. Then I see there is a "total of separate cases." Does that mean that the total of applicants include the same person applying all the year through ?—Yes.

Duke of *Devonshire.*

1995. I see in one of your reports you state that "a Committee was formed in London in "February 1886, to promote the establishment of "similar registries in other suitable country "districts, as suggested in our last report. Under "the auspices of this committee, 17 registries have "now been established on the same plan as at "Egham, but it would seem that the suggested "plan of affiliating those registries to central "offices, with a view to inducing migration of "labour from overstocked districts, has not yet "been found practicable" ?—No, I know very little of that. One of the supervisors, Mr. Cohen, took an interest in that matter. I did not have anything to do with that.

1996. This is not your report ?—Not that part of it.

1997. You cannot give any information as to the steps that have been taken ?—I do not think any have been taken.

1998. In the direction of affiliation ?—I can safely say there has been very little or nothing done.

1999. You think it would be desirable ?—Undoubtedly.

The witness withdrew.

Mr. T. SMYTH called and examined.

Duke of *Devonshire.*

2000. You are the superintendent of the Chelsea Labour Bureau ?—Yes.

2001. During what time ?—From September 1891 to the present time.

2002. Will you explain to the Commission the work of the Chelsea Labour Bureau ?—I might say that the Bureau was established by the Chelsea Vestry. As Chelsea has a population of 74,485, with a rateable value of 647,500*l.*, on 10,230 assessments, or an average of nearly 63*l.* 6*s.* 0*d.* on each assessment, it is not unreasonable to assume that each assessment embraces at least five persons fairly well to do. This would give 51,150 persons, of both sexes and all ages, residing in the parish, who require no manual employment to provide them the necessaries of existence. This would leave a population of 23,335 of both sexes and all ages, who would probably have to depend on labour to provide them subsistence. Of this number about three-fourths are adults, or in round numbers 17,500; and of this number nearly 4,000 registered during 12 months, or nearly one fourth of the available working population,

Duke of *Devonshire*—continued.

allowing a margin for the habitual idlers who will not work, and the infirm and aged who cannot work.

Sir *John Gorst.*

2003. When you say registered, you mean registered as wanting employment ?—Yes. This shows a constant want of employment, and points to the fact of there being a large number only casually employed. This is mainly brought about by the tendency of the age to substitute machinery and boy and girl labour, together with a minute sub-division of labour, for manual and skilled labour. This insecurity of employment is one of the greatest factors in the demoralisation of the people, taking all heart out of the worker, destroying all pride of handicraft, and fostering the idea that it does not matter much whether the work is well done or ill done. It was felt by the Chelsea Vestry that by organising the unemployed in such a manner that they could be easily available for employers, the vestry would be assisting the unemployed in their time of distress, by promptly placing them

Sir *John Gorst*—continued.

in communication with employers who required their services. With this object in view they opened the Labour Bureau, making as nearly as possible a correct tabulation of the various industries and the special qualifications of the persons seeking employment. I here propose to set before you the methods adopted to register applicants for employment, and the manner in which information is imparted to employers and workers.

Duke of *Devonshire.*

2004. Do you put in any forms?—Yes. We take particular care to register every one according to their qualifications and their fitness for work. We issue circulars to employers (*see Appendix* LX.), and by that means bring them into communication the one with the other. We register all classes, both sexes, and all descriptions of labour and we have applications from almost every class of employer.

Sir *John Gorst.*

2005. Have you registered clerks, and people of that class as well as labourers?—Yes, all sorts—every one who wants work. There is a form of application (*see Appendix* LXI.).

Duke of *Devonshire.*

2006. Full name; full address; description of employment required; where last employed; how long unemployed; any remarks applicant may desire to make?—Yes. Every applicant is furnished with one of these, with an envelope addressed to return.

2,007. And that (*see Appendix* LXII.) is to give you notice when he has obtained employment?—Yes, so that his name should be struck off the register.

Sir *John Gorst.*

2008. Do they give you that notice?—Yes, a great many.

2009. How many? What percentage will send you that notice when they get employment?—About one-third of the whole.

2010. Two-thirds do not give you any notice?—No.

Mr. *Livesey.*

2011. So their names remain on?—No. I have a provision here, if you will allow me to show you, that we strike the name of every applicant off the register after seven days, unless he renews, so that we always have a fresh registry. Those are our regulations (*see Appendix* LXIII.).

2012. You make out a fresh list every week?—It makes itself out, by the excision of those names every time.

Duke of *Devonshire.*

2013. You strike a man's name off at the end of a week, do you?—Yes.

2014. What do you expect him to do if he has not found employment; come back?—Yes, come back and present himself and give his name.

Sir *John Gorst.*

2015. "The name of any applicant will be "removed from the unemployed list after seven "days (Sundays and bank holidays not counting), "unless the applicant on the seventh day gives "notice that he or she is still out of employment, "such notice to be repeated on every succeeding "seventh day that the applicant remains out of "employment"?—Yes.

Duke of *Devonshire.*

2016. Have you any other form to show us?—Yes; here is the form that we issue to the employers (*see Appendix* LXIV.).

2017. That is a form which the employer fills up when he has taken a person from you?—The first portion of that form I fill up and send to the employer: "On the 20th September I "sent you a labourer. Please fill in the form "at the foot." Then the employer will do that, fold it, and it is already addressed on the outside to return to me.

2018. What proportion of the employers return you these forms?—We have only used those forms the last two months, so that we have not had very much experience of them yet; but so far our experience is that about half of the employers return them.

2019. Can you give us any information about the results of the bureau?—Yes, there is a form of circular that we issue (*see Appendix* LX.).

2020. This circular is issued to whom?—To employers and others in the district whom I think it would be likely to be of any use my sending to.

2021. Is there anything else you wish to put in?—There is a return of the sub-committee of the vestry (*see Appendix* LXVI.). There is a form of register if you would like to see that also (*see Appendix* LXV.).

2022. I think this form (*see Appendix* LXVI.) contains all the forms you have already put in?—Some of them. I have got a form here of the card which we put in for exhibition among workshops and places of that sort, or churches, or anywhere where we can get it up (*see Appendix* LXVII.).

2023. Without reading all this report (*see Appendix* LXVI.), can you give us any information about the results of the Bureau?—I think if you will look at page 6 in the appendix you will find a table of results. The "number registered "from 5th October 1891 to 31st August 1892, and "the number of employments obtained." There were registered 388 artizans, and 126 were employed. There were 489 boys, and 178 employed. Carmen, coachmen, and kindred occupations, 182 registered and 24 employed. Clerks, 76 registered; 12 were employed. Handy men, 68 registered; 49 were employed. Labourers, 362 registered; 127 were employed. Porters, 337 registered; 19 were employed. Shop assistants, 16 registered; 19 were employed. You will see in the footnote that is made up by persons who had registered under other headings. Waiters, 13 registered; 7 were employed. Watchmen, 56 registered; 6 were employed. This makes a grand total of 1,987 males registered, and 567 employed.

Duke of *Devonshire*—continued.

2024. I do not know whether you need go through all the particulars of the females. You put this in. We shall have it before us?—Very good (*see Appendix* LXVI.).

2025. Do these "numbers employed" consist of persons whom you know were employed by the return of the forms?—That is our greatest difficulty. We have to rely to a large extent upon the persons whom we send to the employment and upon the employers. In many cases we do not get the actual facts, and I often ascertained it by sending another applicant for the employment, and finding that the previous one has been employed. We make up the results in that manner; it is impossible to make up a full return; they are not like books on the shelf. The people have a volition of their own, and we never hear of some of them after they leave the place. I am certain that the numbers recorded here are nothing like the number who have been employed.

Sir *John Gorst.*

2026. Through your agency you mean?—Through our agency. For instance, a man may come to me and he registers for some employment. I send him to an employer. On the way perhaps he meets another man; he tells him, and he goes to it.

Mr. *Livesey.*

2027. The other man goes to it?—And he goes to what he considers perhaps a better job. They both get employed, or a man goes to a job and perhaps takes charge of it. I send men sometimes to take charge of a job.

2028. If a man did not come at the end of seven days and re-register, would you put him down as a man for whom you had obtained employment?—No; I put him down as a man who has obtained employment and not let me know of it.

Duke of *Devonshire.*

2029. He is not included in your list here of employed?—No.

2030. Have you anything further than is contained in these returns to say about the character and position of the applicants for employment?—Every applicant for employment according to these forms has to fill in a statement of where he worked last (*see Appendix* LXI.). That would be a reference as to his fitness, character, and so on, in some cases.

2031. Do you think this is a system which might be usefully extended?—I do. I think it might be usefully extended. I often find very great difficulty in finding persons suitable for some of the employments offered in the parish. As you see, we limit our operations among workpeople to those residing in the parish, and if for instance there is a demand for tailors in Chelsea, and there were not sufficient on the register, if there was another agency similar to that established in every other parish in London and we were in direct communication, we could send round, and where there were too many tailors some of them could be spared to come to Chelsea.

Duke of *Devonshire*—continued.

2032. This has only been started in Chelsea about a year?—Yes, it was the first municipal bureau that has ever been opened in England, I believe.

2033. Have you had any communication with any similar registry or bureau, or the subject of affiliation?—There is none to communicate with.

Sir *John Gorst.*

2034. Are there no other municipal bureaus?—There are no other municipal bureaus in England.

2035. I thought there was one in Liverpool?—Not municipal that I am aware of.

Duke of *Devonshire.*

2036. There are some such as were represented by the last witness—voluntary registries?—Yes. I had communications from Mr. Gardiner when we first started, and I had an interview with one of his colleagues, Mr. Cohen. He came to see how we were going on. But as for any use that we could be to each other, it would be futile to keep up any correspondence, because we do not want agricultural labourers or gardeners in Chelsea, and they do not want carpenters from us. But in a self-contained place like London, it would be useful to have them all over London in various centres. My experience in Chelsea indicates the necessity of similar offices being opened in every centre in London, with a central office in communication with each centre, so that the number and qualifications of persons in each district out of employment could be known at once. By this means a reciprocal interchange might be maintained. If tailors, for instance, were required in Chelsea, and it appeared from the register that the number unemployed would not be sufficient to supply the requirements of Chelsea employers, they might be brought from another district where tailors were too numerous; while Chelsea might supply from a redundancy in some other trade or occupation, some other district in need of such.

2037. Have you, as a matter of fact, found that there is any opening for employment in Chelsea for which you have no applicants?—Yes; I have had to send out of Chelsea for certain people at times.

Sir *John Gorst.*

2038. You said tailors?—I only mentioned those as an example.

Duke of *Devonshire.*

2039. Have you found that any employers want labourers they cannot get?—They do not reside in Chelsea in some cases. It is no reflection upon the gentlemen of the pen, but I have altogether been unable to find an engrosser of deeds and law documents in Chelsea for a gentleman. They seem, however, to be a very peculiar class of men that are found somewhere about Chancery Lane, and nowhere else. I

Duke of *Devonshire*—continued.

believe Chelsea prides itself on being a step above them.

2040. Have you stated the expenses in this report?—They are in this report (*see Appendix* LXVI.).

2041. Perhaps you will just state what the expenditure on account of the bureau has been?—The expenditure on account of the bureau to the end of August has been 162*l.* 15*s.* 7*d.*, less than 1*s.* per applicant, or a little over 2*s.* per person for those obtaining work. This expenditure for the first year includes several items which are not likely to recur, and it is estimated that the cost per head will be reduced in future years. We have had many enquiries from vestries and private people upon this matter, and they hope that in time we shall be able to get centres established all over London, and have a central bureau established by the London County Council or some Government office.

2042. Have you any knowledge of the view which is taken of the bureau by the Trade Unions?—Yes. I may say, to begin with, that I was recommended for the office by all the local trade unions in Chelsea, so that they had no hostility to it, and I may also state that they co-operate with me to a very large extent. If there are men of a particular class wanted, I can always send to the unions for them.

2043. You are not aware of any jealousy or objection on the part of the trade unions?—Not as trade unions. Of course there are objections by individuals of all classes. There are objections even by some members of the vestry. There are objections by the registry offices, and agencies of that kind.

Mr. *Livesey.*

2044. That is the domestic servants' registry offices?—Yes.

Duke of *Devonshire.*

2044*a*. Has there been anything in the shape of a strike in Chelsea since the institution of this office?—There has been a strike in a very modified form. There was a strike of masons at a very large stoneworks

2045. Would any difficulties arise if you were to undertake to supply employers of labour when a strike was going on?—I am specially instructed by the vestry not to do so.* About 10 o'clock on the morning of this strike, they sent over to me for 12 masons. Masons are very difficult to find all at once, and I came down this end of London, and by the time I got back I found it was a strike, so that I countermanded all the men. I have never found that that man has expressed any hostility on account of it.

Mr. *Livesey.*

2046. The employer do you mean?—The employer. In fact he is friendly to the whole affair.

2047. Are the employers taking an increasing interest in the bureau?—Decidedly.

Mr. *Livesey*—continued.

2048. And you find that they appreciate it?—I find they appreciate it. By their letters, correspondence and answers, I find a growing appreciation of it.

2049. And you have found work for a larger proportion of the women than of the men?—Yes, found work for a larger proportion of them. I may say I have been instructed to tell the Commission that the Vestry feel that by establishing such centres, an impetus will be given to private persons to employ people they would not otherwise employ.*

2050. Are any steps being taken by the Chelsea Vestry to suggest to other vestries, that they should take the same course?—Yes. I believe there is a distinct motion before the Battersea Vestry on this matter, and I am instructed to answer all enquiries from other vestries upon the matter, and I have done so; and there is a general movement to establish them. There is also a committee formed with Dr. Danford Thomas the coroner, and Dr. Gordon Hogg, another coroner, to induce the vestries and local boards all over London to adopt the same system. They consider by this means they will be able to give employment to a great many people. There is the further important consideration that by a system of universal registration of the unemployed, statesmen, philanthropists, and others could gauge the amount of distress or prosperity existing amongst the people better than by any other means at present within their reach, while it would modify the necessity for demonstrations by hungry and unemployed people to prove their existence. A good many of these gentlemen seem to take a great interest in being able to gauge and find out the actual amount of want and suffering or prosperity of the people, and they think that these agencies would be one of the best modes of doing so.

Sir *John Gorst.*

2051. In this return (*see Appendix* LXVI.) does the same individual appear more than once. For instance, the total numbers of boys registered is 489. Are those 489 distinct and separate boys?—489 distinct and separate boys. If a boy goes off the register after the seven days' period, and he comes on again in a month's time, it is a new registration.

2052. He is a second boy?—He is a second boy.

Mr. *Livesey.*

2053. You have had that number of registrations, but not necessarily that number of boys?—Not necessarily; but practically it is so.

Sir *John Gorst.*

2054. One of your rules is that you give employment in rotation?—If possible.

2055. Then do you take any steps to ascertain that your applicants are of good character, and are fit for the employment they seek?—I am a pretty good judge, as far as workmen go, of what their fitness and aptitudes are. I have

* In a letter, dated February 8th, 1893, addressed to the Secretaries, the Clerk to the Vestry of the Parish of Chelsea desired to inform the Commission that the Witness had no authority to make these statements (questions 2045 and 2049).—G.D.

Sir *John Gorst*—continued.

large experience with workmen. As for servants and people of whom characters are required, they have to fill up a form on making application for employment (*see Appendix* LXI.). They have to state with whom they were last employed. That necessarily is their reference.

2056. Are most of the people who are put upon your register fit people for the positions for which they apply ?—Yes.

2057. As a matter of fact and experience do you find it difficult to secure employment for any respectable and competent applicant ?—Some classes of them.

2058. Which now, particularly ?—There is a very large class under the head of porters. A great many of these people are very respectable but very useless for anything but to take down boxes, and to carry anything about. They have no special knowledge. A number of them are discharged soldiers or servants and people of that class, who have no special qualification to go into a trade or profession. They register under the general title of porters.

2059. I see you have had 337 applicants for the position of porters and have only found employ for 19 ?—Yes. A great many of these persons registered as porters would be available to go for other employment such as watchmen, caretakers, and people of that description. It is impossible in a report of this sort (*see Appendix* LXVI.) to give all their qualifications and describe accurately what they would do.

2060. But is it your experience that there are in Chelsea respectable men willing to work who are for long periods unable to find anything to do ?—That is so.

2061. Which they are capable of doing ?—Yes. Among the trades and professions and people of that sort the difficulty is far less.

Duke of *Devonshire.*

2062. Is your time fully occupied in this work ?—More than fully. There is a difficulty about that. You see I have to be in the office the greater portion of the day to register people and see employers, and I find the evening the most convenient period to go in search of workmen. It is no use sending for them in the middle of the day, and it is no use writing to them. I find it is no use writing to people, because if a man wanted a carpenter to-morrow, if I were to write to a carpenter to-night he would not get that letter till next morning at 8 or 9 o'clock. It would then be too late for him to go to the job.

Sir *John Gorst.*

2063. Then your experience is that the most difficult person to find employment for in Chelsea is the man who is willing to labour and able to labour, but has no special aptitude or particular trade ?—Yes.

Duke of *Devonshire.*

2064. These being of a class to a great extent who would ultimately go to the docks ?—Go to the dogs ultimately.

2065. The docks first ?—Yes.

Mr. *Livesey.*

2066. Many of them are physically incapable ?—A great many of them are physically capable, but they have not been accustomed to work.

Sir *John Gorst.*

2067. They are not physically incapable men who are worthless for anything ?—No.

2068. But they are men who would make good porters, but there is not a sufficient demand for their labour ?—Yes.

Duke of *Devonshire.*

2069. They would go to the docks ?—I believe some of them would rather go to the workhouse than go to the docks. The great majority of these porters are men who want some light employment as they call it. As I said before they are discharged soldiers or servants, or something of that sort.

Mr. *Livesey.*

2070. More servants than soldiers ?—About equal. The best class of those men that I have found are discharged sailors. They are never long out of work. They are smart people as a rule.

Sir *John Gorst.*

2071. Why do sailors more easily find employment than soldiers ?—I believe they are a better class of people. They are more useful people. They have been used to work, and they are not afraid of it. They do not look for light employment as the others do.

The witness withdrew.

Adjourned to Monday, November 14th, 1892, at 11 o'clock.

FIFTH DAY.

Commission Room, Westminster Hall, Monday, 14th November 1892.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
The Right Hon. JESSE COLLINGS, M.P.
The Right Hon. LEONARD H. COURTNEY, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. G. LIVESEY.
Mr. S. PLIMSOL
Mr. H. TAIT.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. TOM MANN, a member of the Commission, examined.

Duke of *Devonshire.*

2072. With reference to the paper (*see Appendix* LXVIII.) which you have placed before the Commission on the State and municipal control of industry, I see that in the first place you refer to a statement which has been tabulated by the Commission staff from official statistics which have been obtained, serving to show the number of persons employed under the State or by local authorities andvarious particulars about them. (*For Circular Letters, &c., issued see Appendix* LXIX.) May I ask whether you have examined that statement ?—I have examined it, but it does not serve our purpose very well. It has not proved to be of very great value; the difficulties in obtaining correct replies have been too great, so that practically that paragraph needs to be deleted.

2073. You have not found that statement of any use in elucidating the subject ?—Of no practical use.

2074. For what reason; I think it gives rather full details about the number of persons at all events under municipal employment ?—It does, but not with regard to the competitive industries. It serves to show those municipalities that are controlling works such as those for the supply of gas, and the supply of water, and the way in which they do their paving, and the rates they pay, &c., but it was thought by the staff, I understood in consultation with yourself, that it would not serve any real good purpose, and therefore it was practically dropped.

2075. Were no particulars contained in it as to the rates of wages and hours of labour, or similar points as compared with private employers ?—Yes, they did answer the questions concerning the rates they pay for the work they do; and it was after considering all that was said that I understood it had been submitted to yourself, and that you had expressed the opinion that it would not serve any purpose.

Duke of *Devonshire*—continued.

2076. Then going to your third paragraph (*see Appendix* LXVIII.) you say, "They point to the "fact that under present conditions a considerable "proportion of the population are in enforced idle-"ness, and are, therefore, consuming without producing." Could you explain a little more in detail how, in your opinion, municipal control over the production would prevent such a state of things? —It would help to prevent such a state of things by covering a much larger area, and helping to balance the forces. That is, under the present very sectionalised system of conducting trade each little group of employers, or each individual employer must necessarily control his own establishment with a view to making profits, and as trade fluctuates in his particular department it is the custom to discharge if trade falls off. He is unable to neutralize the evil effects of a decline of trade so effectually as employers are in larger establishments; and in those industries that might be controlled by the municipality, if they were so controlled then the municipality would be able to dovetail the interests of the various sections, and distribute the bad effects of declining trade from whatsoever cause over a larger number than is possible under the present system.

2077. I rather gather from the latter part of your paragraph that you not only desire the municipality to engage in the control of production, but actually to prohibit the production of certain classes of articles ?—Yes, I do; that is so far as we could have common control or municipal control of industry, I think that the municipality should set its face against the production of anything that could be covered

Duke of *Devonshire*—continued.

by the term I have used in the paragraph, "shoddy."

2078. I understand your view to be then that ultimately the municipality or the State is to undertake the entire control of all production?—What I am concerned about, and what I have tried to state in this paper (*see Appendix* LXVIII.) is this: that the evil effects arising from the sectional control which prevails to-day are shown by a number of workers being workless at the same time that others are working what is admitted to be an excessive number of working hours, and that it is desirable that common control should supersede the sectional control in order to conduct the trade of the country, or the trades of the respective districts in the common interest, by which I mean that if burdens are to be borne they should not be borne by one section of the community such as the unemployed section, but be distributed over the whole industrial community, and I should favour common control for that express purpose.

2079. You state that "many others," that is, many other workmen, "are engaged in producing "and distributing articles, some of which are "useless, and others positively mischievous in "their effects," what do you refer to in the first place there?—I am referring there to such articles as are manufactured and the demand created by very effective salesmen, but which really do not render any good service to the community, and which are of very little account, and which would never be produced under a proper condition; I mean if industry was conducted in the interest of the entire community instead of in the interest of sections of the community, then many articles that are now produced and sold would not be produced.

2080. If you could give any instances I think they would be more illustrative than general statements. What class of articles do you refer to?—I think I might allude to what is looked upon as spurious literature for one thing, and the same thing would apply to many things that get into workmen's homes, literature that no one really values, but which is turned out with a view to making a profit on the part of those who are responsible for its production, and which it is admitted has a demoralising effect generally; and I think to a considerable extent the same might be said of a number of actual articles that are made and sold.

2081. You have instanced literature; where would you begin to stop the production of spurious literature, with the authorship or the printing?—I should make it unnecessary for men to use their wits in a scheming sense, irrespective of the good effect or bad effect of that which they would produce by trying to make it easy for them to get work in a useful direction.

2082. Then it is only indirectly that you would check the production of useless literature?—Only indirectly. That is a very general statement, of course, covering the collectivist argument generally. The first page of the memorandum is devoted entirely to a statement of the collectivist argument as against the individualists' method of conducting trade, and any one paragraph needs to be taken in conjunction with the other paragraphs. It does not amount to anything other than a statement in favour of collectivism as against individualism.

2083. I only wish to understand your position as well as I can. Do you look forward to a time when the State or the municipality will absolutely prohibit any private individual from carrying on a trade which it does not think useful to the community?—I think we shall reach that stage; that which is really detrimental to the well being of the people will be checked, undoubtedly. Of course, that principle is recognised now, but not put into practice very often.

2084. But it is rather indirectly than directly that you look forward to the time when what you call useless or positively mischievous production will be put a stop to?—Yes.

2085. If provided with a useful occupation, a man would not be driven to a useless one?—That is the bottom of the argument.

2086. Perhaps this is a repetition of a question:—You would go so far as to permit the State or the municipality to prohibit private enterprise in a certain direction?—In any direction that was not conducive to the general well being.

2087. That, I presume, is only an ultimate development?—That is all.

2088. Not anything that you expect to see realised at present?—Only an ultimate development certainly, a long way ahead.

2089. Can you give any grounds for your opinion "that the progress of science, metallur-"gical, mechanical, and chemical, is impeded by "the sectionalised methods of conducting trade "that obtain to-day"?—I am of opinion from my knowledge of what is going on in industrial circles, that the best knowledge is not made use of in the best way. I do not believe that the present system of conducting trade is favourable to an early and ready application of knowledge as it is developed, and I think that this statement is quite warranted, not with regard to one trade especially, but with regard to the majority of trades; that, unless there happen to be firms sufficiently alive to the importance of their facing the difficulties and risks they may have to run in experimenting, then the knowledge is not applied. It so happens that in conducting trade as it is conducted to-day, there is very much knowledge possessed now by the nation which is certainly not put into actual practice in the conduct of trade and commerce.

2090. What is the present inducement to make the best use of the progress of scientific invention?—The present inducement?

2091. Yes?—I should say that there is very little to encourage any firms who are engaged in manufactures to apply any new idea that may be brought forth, unless they can see their way clear to make a profit out of it. I am not blaming them for that. Of course, the basis of

Duke of *Devonshire*—continued.

society renders that necessary, that is, if they cannot make a profit or are not prepared to face years of experimentalising then the knowledge has to lie low and the nation is the loser thereby.

2092. Is not the inducement of the probability of making a profit a very strong one?—A very strong one indeed; but inasmuch as it is a common thing to require very considerable expenditure before actual results in the shape of profit can be secured, and inasmuch as neither the nation in its collective capacity nor municipalities make themselves responsibile for it, it is left to individuals who frequently have not the opportunities or the will to embark in such undertakings.

2093. What would be the inducement under State or municipal control to make the best use of the progress of science?—The enhancing of the general well being, the raising of the standard of living. I should think that that would manifest itself by those who were responsible being on the alert continuously to make use of every advantage that accumulating knowledge could say would be an advantage to the community.

2094. Do you think that if the cotton manufacture, for instance, had been under State or municipal control for the last 50 or 100 years, the progress of mechanical invention in that trade would have been greater than it is at present?—First, I should like to say that I do not think it would have been possible to have conducted the cotton trade by means of State or municipal control hitherto. I question whether it is possible to do it now at once, but the tendencies are in that direction, and all I am suggesting is suggested really on page 2 of the memorandum, where I say that these tendencies should be encouraged by the governmental forces. So that my definite reply would be: No, I do not think that good results would have been obtained, because the mental make-up of men and women has not been such as could have enabled them to have rightly made use of State or municipal agencies hitherto; but it appears to me that the time is coming when they will.

2095. Then do I understand that you do not propose to apply these doctrines that you state generally on the first page and a half of your memorandum, that you do not propose to give them any practical application except in regulating the work of the port of London, or, perhaps, some other large port?—The argument covers all trades and all districts, but I want to deal specifically with that which I am specially familiar with, and which evidence already given before one of the committees of the Commission will enable me to illustrate in a practical way how I would apply these general principles.

2096. However, you do not propose for the consideration of the Commission the undertaking by municipalities of the control of any other industry at present?—I think that every municipality might at once enlarge its sphere of operations in this direction, but I am not proposing that the municipalities in Lancashire should at present proceed to try and conduct the textile trade of Lancashire, or that the municipality of London should at once try to undertake the control of the total trade of London. I am not making any such proposal as that. I am only trying to contend for this; that the general tendency of events now is to favour common control instead of sectional control, and one of the agencies to bring about common control would be the municipality, though it would be common control to my mind, and perhaps equally effective if the co-operative movement were to extend its sphere of operations, or if the trades union movement were to extend its sphere of operations, and begin regulating industry in the common interest. In each and all of these directions I should equally term it common control.

2097. Have you given any detailed consideration to any other project of municipal or State control except in the case of the port of London?—Yes.

2098. I think a little further on in your memorandum (*see Appendix* LXVIII.) you mention railways?—Yes, the answer that I should have is, that I am distinctly favourable, and am associated with those who are earnestly advocating the advisability of encouraging the State to at once entertain the proposal of the State control of railways. I am also identified with those who are favourable to the nationalisation of the land, which means of course, a State control of land in the common interest; and I am continually advocating the desirability for statesmen and politicians and municipal councillors to try and understand in what particular departments of industry they can get to work and exercise their faculties in controlling trade and industry in the common interest where that interest would be likely to be secured better than under the present method; but I am not favouring the wholesale and immediate application of collectivist principles to the trade of the country. I do believe, to add to that, that the time has arrived when every well-conducted municipality could with advantage undertake the supply of light and water, and in some instances I should go farther than that. I am also favourable at once to municipalities undertaking the building of all public institutions, and also the making of the furniture for those institutions; also the making of the clothing for all public officers, for all public servants. I would favour action being taken in that direction, because by so doing we could materially minimise the evils that now arise from fluctuations. When the orders are lodged with private firms they conduct the trade at certain seasons of the year, irrespective of whether the interests of the workers are served best thereby. Work may be very busy in the spring and very slack in the winter, when, by a more judicious control we might equalise the business, and have steady work in spring and steady work in winter; so that I should favour the municipal, or general, or common control of such industries as I have mentioned for that reason amongst others.

Duke of *Devonshire*—continued.

2099. You mention the building of public institutions?—Yes. For instance, all board schools, I think, ought to be built by the local governing authority, and I would say that the furniture supplied to those board schools ought also to be taken in hand by the public authority.

2100. But we are not always building board schools?—Apparently we ought always to be in London.

2101. When sufficient board schools have been built there will not be a necessity for constantly going on building board schools?—No.

2102. Do you propose that the municipality should invest in a complete builder's staff for the purpose of building board schools, which may be a pressing necessity for the present, but which necessity will not continue?—I do not think there is a municipal area in the whole kingdom that does not require a staff. They either have one of their own, supplemented by those of private firms, or they give all their work out to private firms. Certainly the various governing bodies in London, school board, county council, vestries, or local boards, or the State on behalf of London, are always undertaking building work. They allot most of it out to private firms, but I would have it all done by the local authority. First, of course, it is necessary that the local authority should recognise the necessity of conducting that trade with the view of serving the interests of the community, and when I say "the community," whilst I certainly mean all, I have special regard to the working community, who are the victims under the sectional system that trade is conducted upon to-day. I think it is quite likely that I may have occasion to refer to this later on more specifically, when I come to deal with methods of dealing with the unemployed.

2103. Has not the municipality now complete control over the terms of the contract under which its work is done?—It has.

2104. Then if it was impressed with the necessity of having the work done in some different way, what would be the difficulty of imposing certain conditions on the contractor?—There would not be any very great difficulty if the municipality was made up in such a way that they desired to realise the end that I desire to see realised.

2105. Then you do not want any alteration of the law; you want an alteration in the spirit in which the municipal authority conducts its business?—Both. I want an alteration in the law in this way; that municipalities cannot now embark in these general undertakings to the fullest extent that I think they ought to be able. And then municipal authorities, or the authorities that control towns, are too diversified; there are several authorities which I should like to see merged into one authority. So that I should like an alteration of the law in that direction as well as an alteration in the general spirit which prevails in the minds of those who are responsible, both in municipalities and in State offices.

2106. I think there was something beside building that you stated you would like to see them undertake at once?—The making of the furniture that is supplied to those buildings.

2107. Each municipality should have an establishment for providing the necessary furniture required for the public buildings?—Yes, and the clothing for the public servants. Not necessarily every municipality. It might be that some municipalities would be able to supply the clothing for several or many municipalities; but I would have that principle generally recognised, and I would have the clothing that is worn by public servants produced under the public authority, controlled by them, for the purpose of contributing to a steadying of the trade and commerce of the country. The object I have in view through all this being this, that I want to see trade steadied. I want to see a secure income for every member of the community, and I am associated with those who are of opinion that if we had effective organisation of trade, not of workmen merely, but of the work itself, that then we might very materially minimise the evils that we are subjected to now by the fluctuations that take place. It is for that purpose that I favour these arguments.

2108. At the bottom of page 1 of your memorandum (*see Appendix* LXVIII.) you state, as a fact, "that for many years past in numerous "trades the old individual relationship between "employer and workman has ceased"; that you point to as the direction in which the economic revolution is proceeding?—That is so. I take that as one of the signs.

2109. Do you consider that an advantage?—I do. It often brings hardships with it, but even those hardships I welcome for the time, because I look upon it as a transition period, leading on to something better.

2110. You state that "the business manager "has taken the place of the friendly employer, "whilst the limited liability companies are "becoming in increasing instances enormous "concerns, employing thousands of workmen." All that you consider is in the right direction?—All in the right direction. I am glad to see it, and want to see it hastened; not unduly, though.

2111. You are not altogether content to wait for the natural development of this movement which you see going on?—Yes, I am quite content to wait for the natural development, but I think it perfectly natural that those who favour it should be at work advocating its speedy realisation.

2112. I do not think we need refer to the land question. You say, in the second paragraph on page 2, "that a growing demand is arising "in favour of the nationalisation of railways"?—Yes.

2113. Can you point to any proof of that?—The proof that I have is my knowledge of the state of mind of the workers. I know from mixing up with workmen largely, that a very much larger proportion of them now are favourable to the State control of the railways than was the case even five years ago.

Duke of *Devonshire*—continued.

2114. Has this movement taken any definite shape?—It has taken shape to this extent, that when workmen sit down to draw up a programme, say, for Parliament, such as they would like to see endorsed, it almost invariably includes that item, of the nationalisation of the railways, and I think that is desirable, and encourage it.

2115. Are you in favour of it yourself?—Quite, thoroughly.

2116. But to what extent, in what way. I do not suppose you propose that the State should take over the railways all at once?—I would not hurry them unduly. I would simply authorise negotiations to be opened up as early as possible with the respective railway companies, with a view to the Board of Trade, or some State department, being made responsible for the control of the railways of Britain in the future, which, of course, would carry this with it; that every advantage that could be applied, which is not now applied, should be applied by the State authority intrusted for the time being by the community, in order that travelling should be made as easy as possible, as cheap as is consistent with efficiency, and that the railway should be controlled to serve the interests of the public, and not to serve the interests of the shareholders who now control the railways; as the two things do not always go together. I think it is fair that I should add there, that being desirous of seeing, what I may term, fair conditions complied with with regard to the workers, in the capacity that we occupy as employers, that is in so far as we are citizens and exercise some amount of control, some voice in those industries or departments that are controlled by the local authorities, or the State authorities, we should then undoubtedly control them in such a way that the hardships that we hear of from railway workers would become a thing of the past; because I do not anticipate that we shall have State control of railways until we have that principle recognised, that labour shall receive what it ought to receive. The excesses that are now indulged in by some railway companies would necessarily cease to exist if the State authorities undertook the control of them.

2117. Is it in the interests of the public or in the interests, mainly, of the workmen employed on the railways that you desire to see State control?—Not mainly on behalf of the workers; I would put it equally so. I believe it would serve the public interest, the general well-being of the community.

2118. In what way would the service be better, cheaper, or what?—I believe that in very many instances the service would be better, and, I do believe that it would be really cheaper in many instances. I find, and I have to travel a good deal, that the convenience of the travelling public is a secondary consideration. When the convenience of the travelling public fits with the making of profit, then the convenience of the public is catered for. It does not always fit with the making of profit, and then making of profit is the primary consideration.

Duke of *Devonshire*—continued.

2119. You mention only the convenience of the travelling public, but the public is not interested in the official management of railways only as travellers. Do you think goods traffic would be better managed by the State than by a private company?—I believe so. I believe there are many anomalies now existing with regard to the carrying of goods by the various railway companies that ought certainly to be abolished. It is difficult for me to understand, and I have paid some attention to it, why these anomalies should exist. I, certainly, am of opinion that trade would be facilitated if we had national control instead of the sectional control that we now have. With regard to the travelling public, I should like to see the entire public become travellers in a much more important sense than they now are. I should like to see facilities afforded for easy transit, so that people in towns could run out very frequently, under easy conditions, and, I believe, it would be quite possible to bring that about if we desired to serve the common interest, I mean, to bring it about to a very much larger extent than it is now brought about; though, of course, I am aware that it is much easier now to travel than it was a few years ago. The tendency is, again, in the right direction. I am not complaining of the tendency, I only want the speed of that tendency to be accelerated.

2120. You have formed this opinion yourself, but can you point at all to the facts upon which that opinion is based?—Yes.

2121. I gather from you that in your opinion the railway system as at present carried on is not perfect?—That is so.

2122. Do you think it is quite certain that it would be perfect under any other system?—Not quite certain, but a better chance. I only want to make it easier to conduct the whole thing in the interests of the largest number. No other interest is served than to see that the largest number of the community shall have the chance of making use of these means of transit, and although there is no guarantee that we should be able to have perfect administration, if we had State control of railways there would be a better chance of securing better control, and, therefore, better conditions than we now have.

2123. Are you quite certain that all Government departments which at present exist are better administered than large private enterprises?—No, I am not. I am of opinion that some Government departments are far from being what they ought to be. But again the tendency is in the right direction. I do not believe that a Government department will ever be healthy until the public themselves are healthy in this direction, and are keeping a watchful eye upon the whole governmental show, and securing the general well-being by their watchfulness. I do not think that State control of industry will ever be brought about until that development on the part of the public themselves is brought about, and they desire to see it controlled in the common interest. That desire will secure competency in governmental

Duke of *Devonshire*—continued.

departments and prevent jobbery, which I know has often taken place.

2124. But you are prepared at once to make the commencement of handing over the railways and transferring the management of the railways to a Government department?—Yes.

2125. I believe in some of the continental countries the railways are controlled by the State?—Yes.

2126. Are you of opinion that the public are better served there, or that the condition of railway *employés* is better there?—I believe that the public are better served in one or two continental countries with regard to the means of travelling, but I do not believe that public opinion itself is sufficiently healthy and sound as to warrant proper conditions being complied with with regard to the *employés*. Therefore I guarded myself by saying that I know that no governmental department will ever be sound until public opinion itself is sound.

2127. When you say that a growing demand is arising in favour of the nationalisation of railways, I do not understand that you can point to anything except some resolutions that have been passed by representative bodies of working men; there has been no such movement in favour of such a change, as for instance, the movement for the eight hours?—Yes, it simply has not developed to the same extent, but it arose in the same way and is gradually gathering strength, and I believe it applies to every part of the country. It is not confined to workmen only; it includes scholars amongst its advocates, and thoughtful men, and I believe, some statesmen.

2128. I was asking you specially as to the working men. Is there a real and strong opinion in favour of such a change amongst the working men, so far as you are aware?—The tendency is exactly as it was with the eight hours, but the eight hours has developed more rapidly. It is the same class of persons who favoured the development of the eight hours' movement who really brought it up to its present pitch, who are also advocating earnestly and strenuously the advisability of the State control of railways.

2129. I believe the particular point on which you wish to speak in connexion with this subject, is the port of London?—That is so.

2130. Do you point to the port of London as one of the instances and as the most important instance in which municipal control might be introduced?—I do.

2131. You begin by stating the reasons for your opinion that the port of London is at present badly and inefficiently organised?—That is so. I am prepared to demonstrate that.

2132. Turning to the question of the docks and wharves of London, can you state what number of men find employment there?—Yes, I estimate the total number properly engaged at waterside or dock labour at 48,000, but in those I do not include the mechanics engaged on ship or engine repairs, such as engine fitters, boilermakers, and ship carpenters, &c.

Duke of *Devonshire*—continued.

2133. They are connected with the shipbuilding industry?—With the ship building, although, of course, they are in the port.

2134. Are all these 48,000 known as dock labourers?—No, they are made up of the following different sections: of Dock and Wharf labourers, generally called "dockers," including foremen and general staff, there are 25,000; lightermen, 6,000; non-freemen (that is, those who manœuvre the lighters in the docks as distinct from the river, including those of sailing barges) 1,500; stevedores (that is men who load as distinct from men who discharge), 3,500; coalies (that is men who supply the coal to the boats), 2,500; carmen engaged in connexion with the docks and wharves, about 7,000; ship painters and scrapers, 1,500——

2135. What are they?—They might be classed with the engineers whom I have not included. Barge builders, 500. I have included that 500, because the recommendations I may have to make, if acted upon in any degree, would affect their interests, and therefore I thought they ought to be included. Other general labourers in the port, that is engaged at waterside work, 500; making a total of 48,000.

2136. These are employed by many different employers, are they not?—Yes, by at least 750 different employers according to my calculation, probably by not less than 1,000.

2137. In what proportion are the men divided between the docks and the wharves?—Of the 25,000 dockers, about one-half obtain employment at the different docks or the warehouses in connexion with the docks, whilst the remaining half would find employment at the wharves. The stevedores are mainly employed at the docks whilst the lightermen and non-freemen are at work navigating the barges either on the river or in the docks.

2138. Will you state how many dock companies there are in the port of London?—Yes, there are practically only four important companies, known as the London and St. Katherine's Company, the East and West India Company, the Surrey and Commercial Company, and the Millwall Docks Company, but the London and St. Katherine's and the East and West India Companies are for business purposes, controlled by a joint committee, known as the London and India Docks Joint Committee and this committee now controls the St. Katherine's Docks, the London Docks, the West India Docks, the East India Docks, the Victoria Dock, the Albert Dock, and the Tilbury Docks. The Millwall Docks Company control the Millwall Docks at the Isle of Dogs, Poplar. The Surrey Commercial Company control the Surrey Commercial group at Rotherhithe on the south of the Thames, but in addition to these there is a small dock at Limehouse controlled by the Regent's Canal and Dock Company, and another at Blackwall, known as the Poplar Dock, controlled by the North London Railway, and still another small one, but with considerable warehouses, controlled by the Midland Railway Company.

Duke of *Devonshire*—continued.

2139. Can you give the number of wharves in the port?—Yes, between Blackfriars Bridge and Greenwich Ferry there are 141 wharves and 44 granaries; 110 of the wharves are classed as shipping wharves, 34 of which have ships run alongside of the wharf, 21 of these being on the north side of the river and 13 on the south.

2140. Just in explanation of that, you say 110 out of 141 wharves are classed as shipping wharves, what are the others?—The others receive their supplies in other directions, the ships do not run alongside, and the others include the granaries.

2141. The goods are transferred from the ship to the wharf?—Yes, in the shipping wharf; the ship may run alongside the wharf and discharge direct on to the wharf quay or moor in the mid-stream and then the goods are lightered.

2142. What is the tonnage per annum that comes into the port?—The tonnage inwards is 13,000,000 tons per annum and the tonnage outwards about 8,000,000 tons. Of the 13,000,000 tons of cargo brought into the river 7,000,000 tons is foreign and Colonial, and 6,000,000 is coastwise.

2143. Will you give the number of vessels employed?—Yes; roundly speaking 1,000 vessels a week enter the port, but many of these are very small. About 10,000 vessels are employed in the foreign and colonial trade during the year, and, as already stated, about 7,000,000 tons out of a total of 13,000,000 tons is from the colonies and foreign countries.

2144. You do not reckon in the figures you have given the sailors employed on those vessels as men employed in the port?—No, not in the figures I have given and this helps to explain why the figures I have quoted are lower than those frequently quoted. It is a common thing to have 5,000 sailors and firemen in the port at the one time and an accumulation of a few weeks such as a stoppage of work, a strike or lock-out would bring the number of sailors, firemen, and engineers to 10,000, and in the same time another 15,000 to 20,000 workmen would be stopped who are indirectly engaged in the port, but not in the direct manner that necessitates their inclusion in the list I have given.

2145. Many of the witnesses examined before the Commission have stated that the work of the port fluctuates very much; is that so?—Yes, I regret to say that the fluctuations are very serious in connexion with the docks, especially if any one group of docks is fixed upon, but if the port is treated as a whole the fluctuations are less serious than is generally supposed. Under normal conditions the months of November and December are about the best in the year, as at this period fruit is brought in in large quantities from the Continent; the Baltic trade is open, bringing in timber and grain, and the Canadian ports not yet closed, whilst the tea trade is at its best; but immediately after Christmas a decline sets in, which is severe to those who find work in the Baltic trade, and in March the tea trade declines till the following July.

Duke of *Devonshire*—continued.

2146. Can you give the tonnage that enters the different docks, month by month, to show the difference existing during the year?—Yes In the year 1890 there entered into the London, St. Katherine's, East and West India, Millwall, Surrey Commercial, Victoria, Albert, and the Tilbury Docks the following monthly amounts, as reported at the Customs House:—In the month of January, 323,507 tons; in February, 309,568 tons; in March, 414,937 tons; in April, 382,980 tons; in May, 470,448 tons; in June, 451,389; or for the first six months, 2,352,829 tons; but in two of those months, March and May, five weeks are given instead of four. Then for July, 412,985 tons; for August, 529,892 tons; for September, 403,437 tons; for October, 399,612 tons; for November, 458,964 tons; for December, 423,991, or for the second six months, 2,628,881 tons as against 2,352,829 tons for the first six months; or a total for the year of 4,981,710 tons. But again in the second half year the months of August and November have five weeks given them instead of four. These figures show that the largest tonnage came into the docks in June and the lowest in February, but as the fruit wharves are much busier in December than in June there is under normal conditions more labour required in the winter than in the summer. Perhaps the best way in which the actual fluctuations affecting the men can be shown will be to state the wages they actually did receive during the past 12 months ending with October. I make the statement on my own responsibility as the result of information obtained from each kind of dock and wharf worker. Speaking for the 25,000 dock labourers their average wage through the whole year may be put down at 17*s.* per week, but to give this average for the whole conveys no correct idea as to the actual state of affairs, as a considerable proportion get steady employment. Classifyng the 25,000 into five different sections their weekly wages are as follows. The best paid 5,000 would get 34*s.* a week the whole year round; then another 5,000 would average 22*s.* a week, another 5,000 would average 14*s.* a week, another 5,000 would average 10*s.* a week, and the remaining 5,000 only 5*s.* a week.

2147. You have seen the tables which Mr. Booth has handed in?—I have, and I refer to them later.

2148. Do they agree, generally speaking, with the figures that you are giving us now?—There is no serious clashing.

Mr. *Dale.*

2149. Would you explain to what extent those discrepancies in the earnings of the different classes of dockers represent full employment, partial employment, or almost no employment, or how far they represent different degrees of skill commanding different rates of wages when in employment?—I desire to make that quite clear, and I think I shall succeed in doing so later on. The 5,000 well paid men whom I have fixed at 34*s.* a week

Mr. *Dale*—continued:

include the permanent men and petty foremen and the clerical staff who receive wages, and are not included as those who receive salaries. They are practically employed the whole year round, whether there is good trade or bad trade in the port.

2150. Therefore the average earnings per week of that class is high for two reasons, that it includes those the character of whose services leads to their being paid a pretty high rate per day or per week, and also that they have continuous employment?—And for one other reason, that it includes those who are very frequently working overtime. Then the next 5,000 that I have put at 22*s*. receive very nearly regular work. They include Group A. of the dock company. When I speak of the Dock Company now I mean the principal Dock Company. The next group, receiving 14*s*. on the average, are those who, of course, can only get part employment, and the same applies as we go down the list, until the 5*s*. men are those who will get one day one week and perhaps two days the next.

2151. Therefore the difference between the 22*s*., the 14*s*., and the 5*s*. represent greater or less employment?—That is so, exactly that.

2152. Rather than greater or less skill?—Exactly that. It is due entirely to less employment, not to less skill. Thus the average wage for the least fortunate 10,000 out of the 25,000 is only 7*s*. 6*d*. per week, and this is after the men, through the unions, have considerably improved their conditions as compared with that which prevailed a few years ago.

Duke of *Devonshire*.

2153. What is the chief reason why so many obtain such a small amount of work? Is it simply that there are more men than are required?—No, that is not the chief reason, although many people who lament over the sad effects of casual labour seem to think it is. Personally I am of opinion that practically the whole of the 25,000 men are necessary to admit of the work of the port being done, and that it is not a question of surplus population, as the conditions which now prevail in the port are such that if by any means even 2,000 of the regular 25,000 who follow up the work were drafted away, there would almost immediately be a demand from the employers for more men, even though a considerable proportion of those employed were not averaging three days' work a week. It is this fact that is so difficult for anyone to understand who is not intimately acquainted with the methods that prevail in the port. And so we find well-intentioned men quite busy with proposals for drawing off the surplus population, thinking thereby to serve the interests of the dockers amongst others. My opinion is that so long as the docks and wharves and warehouses of London remain located and controlled as at present, so long is it absolutely necessary to have the present number of men available for work as occasion requires, and that it would be impossible to carry on the work of the port unless they were available. It is most

Duke of *Devonshire*—continued.

important that that should be borne in mind in whatever else we may have to say.

2154. We understand that you propose that the dock and warehouse accommodation should be more concentrated in the interests of the labourers?—That is so.

2155. Will you state in what way concentration would help to improve matters?—I wish to make it clear that I advocate concentration and common control not exclusively in the interests of the labourers, but equally so in the best interests of all connected with the port, as I believe that only by such means can the proper development of the trade of the port be secured. Each dock, wharf, and warehouse controlled at present by many different interests require a nucleus of permanent men under any and all conditions, but they also require such a number of available men as shall meet the maximum requirement at a few hours' notice. This has naturally resulted in the condition of things that we now find, that at every point along the river on either side where a dock or wharf or warehouse exists there is at all times a sufficient number of men to meet the maximum requirement; and as the maximum number is only required at short intervals, in many cases there must necessarily be fluctuations. Of course, if employers would regularly provide for the maximum number, the difficulty would be met; but this is impossible, as many of the employers, or wharfingers, make only an ordinary profit on their transactions, and they could not possibly pay men when they did not work.

2156. Could not some system be established whereby men could be informed where they would be likely to find employment, and facilities afforded them for reaching such places, such as have already been suggested by Mr. Booth?—I seriously question the practicability of such a proposal. To apply such a plan, several conditions are requisite: First, agreement among employers would be essential, and a willingness on their part to incur expense in the interests of the men. This renders it necessary to ask who are the employers. It appears to be the general impression that the respective dock companies employ the men who work in the docks under their control, but this is not so. For instance, in the Albert and Victoria Docks the dock company do no discharging whatever; the shipowners rent the dock and quay space from the company, and they, the shipowners, arrange for the discharging. With some lines the shipowners take entire responsibility through their own officers and employ the men; in other cases the shipowners let the discharging and the loading to middlemen, or master stevedores, at so much per ton, and in such cases as those the middleman becomes the employer. In other cases in the same docks the men themselves take the work over at a given price per ton, and then neither the dock company nor the shipowners nor the master stevedores employ the men, the work being done on what is termed a co-operative basis. As none of these groups of employers pose as philanthropic bodies, it

Duke of *Devonshire*—continued.

seems to me too much to expect that anything like common and serviceable action would be taken. But even in the event of this difficulty being got over, there is then the question of locomotion and obtaining the knowledge. If we suppose that 500 men failed to obtain work this morning, and cleared off home or elsewhere, it is difficult to see how they are to get to know what information would be issued at the proposed centre, and how a man living, say, two miles above or south of London Bridge would be able to get to Millwall or Canning Town unless his fare was paid. But the real and most serious difficulty is this, that there are periods when practically the whole of the men are required for a short time at least; and, were it not that a general depression of trade exists, causing many from other occupations to rush to the docks, such a time would exist now; and this happening once or twice a year completely upsets the proposal of dovetailing interests on the present basis.

2157. The result of that statement is that you think the evils which exist in the port of London are incapable of being cured so long as the physical arrangements of the port remain as they are?—I do, and unless this principle is appreciated, there would be very little use in my attempting to enlarge upon that which I wish to enlarge upon, that is that the fluctuations are so bad as shown by the figures, so very carefully, I believe, and very correctly collected by Mr. Booth and submitted here; the fluctuations shown by those figures which fit with my own knowledge are so serious that no one can tolerate the present conditions. Now I want to come forward with this proposal, and say that the same trade of the port can be conducted not only as well, but better, and that practically permanent employment can be guaranteed. But that will necessitate a very far-reaching proposal, that is that we shall dare to face the fact, which I think is necessary, that we must make the dock accommodation more compact than it now is, and that we shall get rid of the sectional interests that now exist. By sectional interests I mean the numerous wharfingers, and the numerous dock companies, and the numerous shipowners, all doing a share of the work. That must be changed for some common authority. If these two proposals dare not be faced, then I do not see how we can get over the fluctuations which bring about this casual labour, and which is one of the curses of East London and South London life.

2158. When you were giving the figures about the tonnage of the port, where did you get those figures from?—From the Custom House returns.

2159. Those figures which you have just given us are the same figures but more in detail as those which are contained in your memorandum, I think, are they not?—Yes, excepting that in the memorandum I have dealt with coastwise trade, but I have also covered that in some preliminary figures this morning, where I have said that the total trade inwards, amounts to 13,000,000 tons, and the total trade outwards amounts to 7,000,000 tons, or between 7,000,000 and 8,000,000 tons; practically, 21,000,000 tons a year inwards and outwards come in and out of the port of London.

2160. In your memorandum (*see Appendix* LXVIII.) you have also given an estimate of what you consider to be the actual excess of expenditure in consequence of bad arrangement?—I have. I have tried to fix upon something very definite to illustrate the general argument I have used in the memorandum, and which I have also used this morning. That is by reference to the dock company's balance sheets, and by being able to show the location of the docks, the destination of the goods, what goods they receive, and what became of those goods, I can show that there are many what I call unnecessary handlings taking place, which help no one, but which secure this accursed condition of casual labour. I am not blaming dock companies or anybody else. I recognise it as the natural outcome of the development of the port, and I wish to say here that it is not from the workmen's point of view only that alterations are demanded. Many of the employers who are very smart and capable employers in their way, are so very dissatisfied with the port of London, as it is controlled, or mismanaged, to-day that I find the employers are equally concerned about better control in the future, though they are not, of course, endorsing the proposals I am making about common control. My object is this, I want not only one authority to control the dock and wharf, and warehouse accommodation, but I want that same authority to control the labour which is not done in any port in this country, and so far as I know is not done in any port in the world. For instance, what I do not want to see brought about in London, is that I do not want Liverpool to be repeated here, or any other port, for there is no port well conducted from a worker's and a consumer's point of view in my opinion. Many ports are better conducted from a management point of view than this, but I want to see it better conducted from a management point of view and also from a workman's point of view.

2161. You estimate that 745,000*l.* a year is the excess of expenditure incurred in the port of London, owing to the bad arrangements?—I do; much more than that, at least that.

2162. Do you say you have formed that estimate from examination of the companies' reports and balance sheets?—First, from my own knowledge of where the goods come in, where they are received, what is done with them, and how they are loaded again, and taken elsewhere to another destination. Then seeing how that squares with the workings of the dock companies, and examining their balance sheets to see the result, I find that their figures square with my own observation; that what I should have expected to find, namely, unnecessary expenditure has been incurred, as shown by their balance sheets. The central point is this, that it is largely because of that that this port is

Duke of *Devonshire*—continued.

seriously handicapped with a port which is more efficiently conducted, and ports are more efficiently conducted both in the United Kingdom and on the continent. I want to emphasise this point that a number of shipowners, and in some instances dock directors, have felt it their duty to try and fix responsibility upon workmen, and especially upon the dockers, with whom I have had some connexion, saying trade is being diverted to some extent, and the reason for that, say they, is this, the inordinate demands of the workmen. They fix the responsibility upon the shoulders of the labourer. I want to show that the fault is not the labourers', but that it is due to the mismanagement which goes on in the port. I do not want to make a vague statement only, but to follow that up in detail and to show by the location of the docks, and the method of the reception of the goods, and what becomes of those goods, to show that these unnecessary handlings take place, which prevent facility of despatch, or rapidity of despatch, and also bring about the casual system of employment.

2163. You say at the conclusion of your estimate of the unnecessary expenditure that it will serve to indicate the causes which contribute to the high rates in the port of London?—I do say that.

2164. Then you go on to say, "which in turn "contribute to the numerous labour difficulties "which take place there"?—That is so.

2165. How is that?—The high rates in the port of London cause a diversion of trade, and if a shipowning firm can get equally well served in some other port they deliberately leave London and go to that other port where they can get better served. That is reasonable, of course, and that quite fits with the statement here made. We have had witnesses before this Commission, shipowners who came before Group B. and there deliberately stated that as compared with several other ports which they mentioned the cost in the port of London was outrageous, and the time it took to turn a ship round, that is to receive, to discharge, to load, and get away again was certainly very much longer than was the case at other ports. The particular witness I have in my mind now definitely fixed the responsibility upon the men. I want to say and to show, and to prove if I can that the responsibility does not lie with the men, but is due to the location of the docks, and to their incapacity to do the work efficiently.

2166. Now, do you wish to give some explanation of what your proposal is?—I should like to illustrate exactly, by pointing out to the Commissioners the location of the docks by the aid of the maps the proposal I wish to make; but, before doing so, I desire to quote from some articles which appeared in the "Times" to show that employers are considering this question, and are complaining seriously about the present condition of affairs. Three articles appeared in the "Times," the first of which appeared on August 13th this year, and the writer (I do not know who the writer is; it is headed "from our correspondent") makes repeated references of this nature; he says, speaking of London, "there "is an endless variety in the constitution of "governing bodies, and that the port of London, "which ought for many obvious reasons to be "the most prosperous and the best governed port "in the world, is under chaotic control, and is "losing its hold upon the trade of the country "at a pace which gives ample cause for apprehension."

2167. What is this from?—This is from the "Times."

2168. A "Times" leading article?—No, a special article, one of three special articles which appeared beginning on August 13th.

Mr. *Livesey.*

2169. What is the heading of the article?—The heading of the article is "The Problem of the Ports." They are about two or three columns long, and at the conclusion of the third article there was also a leader in the "Times," which spoke in similar terms. I wish also to quote from another paper, a traders' paper, this time from "Ridley's Wine and Spirit Trade Circular," under date October 12th, 1892. This paper, representing largely the wine and spirit trade, comments upon the multiplicity of governors, as it were, for the port of London, and quotes to show that there is in the port of London, "an array of masters that is all but "endless. The Thames Conservancy have 24, "the dock companies' directors had considerably over 100, the Trinity House Elder "Brethren, 27, the County Council, 137, and in "addition to these, there are local vestries, "lesser railway docks and wharves with all "their members and directors." Then it goes on to contrast that with the different conditions which prevail in some other ports. Then, referring to the "Times" article, it says, "The "'Times' correspondent has found it impossible "to prepare a table showing the relative "charges levied at the various ports, and this is "owing to the different customs and ways "of rating that obtain." Skipping a good deal they go on to supply that which the "Times" did not supply. I wish to make one quotation. It says:—"A certain well-known house had "occasion to clear 16 puncheons of rum con-"taining 1,816 gallons from the London Docks, "and for so doing had to pay 9*l.* 1*s.* 8*d.* Now, "supposing they had been obliged to clear the "same parcel from the Liverpool Docks they "would have had to pay but 5*l.* 11*s.* 8*d.*, which "shows a difference of over 64 per cent. "Again, supposing the importers had wished to "send this parcel to an out-port, the charge in "London would have been 5*s.* for 100 gallons, "or in other words 4*l.* 10*s.* 9*d.*, whereas in "Liverpool it would have only amounted to "10*s.* 8*d.*" Then they give a table to show how that calculation is made. I need not trouble to emphasise that, but will just quote a little lower from the same article, where it says:—"If, moreover, the rum had been contained in "smaller measures the comparison would have "been much more startling, for in hogsheads of "50 gallons the difference would have been 75 "per cent.; in barrels it would have been 82½ "per cent.; whilst in half barrels and smaller "casks it would have been no less than 211 per

Mr. *Livesey*—continued.

"cent. This difference in rates becomes even "more onerous in the case of other spirits and "wines." Then, again, quoting from the same articles that I have here from the "Times," they back up that which was stated by the leader-writer in the "Times" as follows:—"'Is it to be "'said that the fact that docks, owned by joint-"'stock companies, have been allowed to grow "'up alongside the river, is an obstacle to "'handing over the control of the whole port "'to a trust, and that trusts formed in the "'provinces have not had this obstacle to "'meet? The answer to this is that, in all "'human probability, the overwhelming ma-"'jority of the dock owners would be uncom "'monly glad to be bought out at a fair price, "'and that, even if they were unwilling to sell, "'the mere fact that the docks, one and all, "'have been constructed by leave of Parliament "'is a sufficient justification for ordering a "'compulsory sale of them if and when it has "'been proved that such sale is necessary in "'the public interest.'" I only quote that to show that this subject is now being discussed by employers and city men generally. If needed I can produce other authorities to show that the same thing is going on. Quite recently the Chamber of Commerce had the subject before them, Sir John Lubbock presiding, and after the discussion they decided to appoint a committee as follows:—"That it was advisable that the "council should consider whether a committee "should be appointed to inquire into the best "manner of dealing with the problem of the "port of London and report to the council" (*handing in Ridley's Wine and Spirit Trade Circular, dated Nov.* 12, 1892, *and headed "The Port of London," from which the above extract is quoted; see Appendix* LXX.). So that in speaking on behalf of a change in the method of controlling the work in the port of London it is equally necessary, from the business man's point of view, as it is from the labourer's point of view. Now, I should like just to make clear to the Commissioners exactly how the present docks are located. It would be of some interest. If the Commissioners will kindly notice the distance covered by the various docks——

Mr. *Jesse Collings.*

2170. Is London Bridge shown there?—London Bridge is shown, and I will point that out, first, remembering, of course, this, that docks are for the reception of cargo, which cargo, after being worked, has again to be delivered, and it is necessary in the interests of those who are going to do the work that the centre of distribution and therefore the centre of reception shall be somewhere near the centre of population. If we have docks outside that centre of population where the goods are discharged, then those goods must again be loaded and brought up by some other means to the centre of population. London Bridge is shown about *that* point (*pointing to the plan*). Then the docks begin near the Tower. *That* is the north side of the river. *This* is the south, the first dock then is St.

Mr. *Jesse Collings*—continued.

Katherine's Dock: then the London Docks: then the West India Docks at Poplar; then the East India Docks; then the Victoria Dock and the Albert Dock; and 15 miles below that the Tilbury Dock. From London Bridge by water to North Woolwich, which embraces the Albert Dock, is 10 miles, and it is 15 miles by water to get to Tilbury Dock. All those docks which I have mentioned are controlled now by the London and India Docks Joint Committee. In addition to those there is this Millwall Dock or Docks on the Isle of Dogs with its entrance there, and on the south side of the river there is this large group of docks, the Surrey Commercial. Many of these water spaces are merely timber ponds not docks. Then there is a small dock which I have previously called attention to situated at Poplar controlled by the North London Railway, and there is a small dock here at Limehouse controlled by the Regent's Canal and Dock Company. First, I want to show how awkwardly they are situated from the point of view of doing the work efficiently. The centre of population being not far east of the city, and the docks being miles away from the city, when the goods come to the Albert Dock and are discharged there, it is then necessary to load them again into lighters, or into vans, or into trucks, and take them off to the up-town warehouses controlled by the same company, because they have no reasonable accommodation at Woolwich, and they have not reasonable accommodation at Woolwich because that is no good as a centre of distribution. The merchants speak of London as being somewhere near the city, and they speak of it naturally as being London, because that is the centre of distribution, and the goods, the vast majority of them, must ultimately come very near to the city, if not actually into the city. Therefore when goods are discharged at Tilbury, every ton of them must again be loaded either into lighters, or trucks, or vans, very few into vans.

Mr. *Livesey.*

2171. Every ton? Does not some go away by rail direct?—Yes, there would be a little go direct in that way, but there is not much. It nearly all comes to London. Practically all the stuff that comes into Tilbury is either lightered or trucked to the Commercial Road Depôt. It is called the Tilbury Depôt in Commercial Road that is in East London just outside the city, and all the stuff practically which comes into the Tilbury is lightered or trucked into that depôt. With regard to the Albert, take the tea which is now coming into the Albert it is discharged there, but then that is not its destination. If the dock company require it in their own warehouses, they are some seven miles by road higher up near the city, in the neighbourhood of Cutler Street. Therefore, after they have discharged the tea and put it in what is termed a transit shed, it is left there for a little time, and the lighters will come alongside the dock. Then it is taken down out of the pile, as it is termed, a pile simply being various chests of tea

Mr. *Livesey*—continued.

piled one on top of another. It is lifted down again; this is the beginning of the unnecessary operations, it is lifted from the pile and put on to a docker's truck, the docker wheels it to the water side, it is lifted from there and put into a barge, the bargeman waits until the barge is loaded, then, when the tide suits, he lighters it up to the St. Katherine's Dock; then they have to begin and unload again; then they place it on the quay again for a time and let it lie there until vans come down from the up-town warehouses, when, again, it must be packed up and put into the vans and taken ultimately to the up-town warehouses, the vans brought under the loop-holes of the warehouses, and finally it reaches its destination. That is the cause of a great deal of expense being incurred, which expense is referred to in the figures already dealt with, and I am calling that unnecessary expense and an expense handicapping the port as compared with a port which is better managed. Then it is said that that gives employment to the workmen. It gives employment to the dockers; but the evil is this, that it occasions employment under such conditions that it would be far better if they were not encouraged to be there to get that kind of employment. It is employment of the fluctuating character which does not admit of their living decent lives, nor can they, as I have tried to show in what I have already said. On this space mentioned there are all those wharves, 185 different wharves and granaries under separate control, over 200 wharves really, but 185 actually rated differently to different authorities. The tea which is coming in now is brought up from the Albert and Tilbury, and South-west India Dock by lighters or by vans. The men at work in the warehouses near the city of London are getting fairly steady employment at this period, and they will continue to have fairly steady employment until March; then they will be thrown out of employment altogether. During this period also, in this Surrey Commercial group which deals with the Baltic trade mainly, they are fairly employed and will be fairly employed until the end of December, when the Baltic freezes, and then four-fifths of them at least will be thrown out of employment until the Baltic opens again. The same with the Canadian ports, some of them will freeze, and then there will be very little cargo coming in from there except that which comes overland through New York and Baltimore. The difficulty is this, that we cannot dovetail the men who are engaged in the Baltic trade with the men who are engaged in the tea trade or the sugar trade, or the general cargo or the grain trade. There is no chance of dovetailing their interests largely because of the scattered nature of the docks, their scattered location and also because not only does each employer have to look after his own particular department but each workman in effect looks after his own particular department, and if he does not do it, he stands no chance; that is to say, a man who is following up a wharf near London Bridge is expected to follow up that wharf. He may not be complained to by an

Mr. *Livesey*—continued.

employer if he does not follow it up, but he will stand precious little chance of getting any employment. After they have followed a wharf up, that is by fairly steady work say for three months, perhaps, while some other dock or wharf a few miles away has had scarcely any work, if that dock or wharf should then pick up and become pretty brisk just as these men are thrown out it is not possible for these men to be transferred down to that other dock or wharf, because men have been waiting there all this time, have been all the slack time waiting for something like steady work to come in, and therefore the employment of men coming from another wharf would be resented. The nett result, and this is what it is reasonable to suppose would have been the case at every point all along that river, is that there is a sufficient number of men at every wharf and every dock to meet the maximum requirement. Now, what I want to propose is that we should try and make the dock and wharf and warehouse accommodation sufficiently compact so that we shall be able as far as distance goes to transfer men very easily, and to dovetail the various men, those who work on timber, or on grain, or general cargo, or tea, or what not. Get rid of the difficulty from a location point of view by making it compact, and then get rid of the other difficulty which is equally important and equally serious, namely, get rid of the sectional control. The various wharfingers cannot steady trade with regard to their staff, because they control such a small section; but although we could not ensure continuity of tonnage coming into the port month by month if we had no control, that is if one authority controlled the entire work that comes into the port there would then be a very good chance to meet the fluctuations by drawing men from one occupation and putting them to another. It is a common thing now for a wharfinger who controls, say, about 180 men, immediately there is a little falling off in one department to discharge those men, who must then hang round until there is another chance for them to get a job with him. But another wharfinger, perhaps controlling 500 or 600 men, can dovetail the interests to that extent, and can steady trade to that extent if he so desires and is willing to put himself to some trouble and, perhaps, to a little expense. He can steady trade in this way, that if he has a shipping wharf and a ship comes alongside he can call men from coopering, that is, men engaged in the tea trade, or from warehousing, or from working or from delivering—these are all terms used in connexion with the work; he can call them from the one and put them to the other, and when the discharge is done they can go back to their usual work, because he covers several departments and has considerable numbers of men, and he can and does in numbers of instances steady the trade proportionately. I believe that if the whole of the trade of the port was controlled by one authority which desired to steady the trade, then the dockers, the waterside workers, the whole of them could be practically permanently employed.

Mr. *Livesey*—continued.

Where it really could not be a full week for every week in the year, the whole difficulty could be met by five days a week for the men in the respective departments. Therefore, I see no method of getting rid of the casual labourer, or of improving the working of the port of London in the interest of the merchant himself, short of compactness of dock and wharf and warehouse accommodation and of common authority. I find that the employers are advocating common authority, the same as I am trying to do now, except that they recommend a dock trust on the lines already established on the Clyde and the Tyne and the Wear and at Liverpool, whilst I would favour municipal control. Now, if it should be accepted as desirable that we desire a compact dock accommodation, then we have to ask, where is it to be got? It must be sufficiently near London and where property is not too serious a matter to tackle it. *This* loop which is represented here (*pointing to a map*) is corresponding to *that* loop, which is 3½ miles, running round the Albert Docks, as described in the memorandum. It is 1⅛ miles across from point to point, but it is, as I have said, 3½ miles, or nearly so, running round by the river. *This* land is very little employed, there is very little going on *here*. There are a few shipbuilding yards, not doing very much work, and a few other smaller wharves. The only important work is the Mill wall Docks. That has an entrance *there*, and the Surrey Commercial have two of their entrances running into the south side docks. Practically the whole of this area is available, and those 3½ miles of river it is proposed should be utilised for the requisite accommodation, and a new channel could be cut *so* (*describing*), across *this* point, straight into the river to that extent, from Limehouse to Blackwall, straight into the river there, putting lock gates at these points, as shown on this map, and then making it possible to utilise the whole of this as one vast dock, and building up the foreshore to supply the necessary quay and warehouse accommodation. The warehouses, of course, would have to be built, and all that has to be taken into consideration, because of the very large outlay that would be required. The point to be borne in mind is that the fluctuations are so very bad, and that the poverty question is with us continuously, and cannot be got rid of unless we dare face some such proposal as this.

Duke of *Devonshire*.

2172. The waterway is to be the red?—Yes, it is proposed that that should be the waterway. *This* is the waterway running round so (*describing*), and this it is proposed should become the river course. It would shorten the river course by that 3½ miles, less 1⅛ miles, or that it would really shorten it by about 2½ miles, the effect being to increase the scour, to increase to some extent the intensity of the rush of water, and to prevent the mud banks which now take place here, which necessitated such a very large amount of dredging, as well as to facilitate navigation, by getting rid of this circuitous

Duke of *Devonshire*—continued.

route. That would give dock accommodation and warehouse accommodation equal to the entire work that is now done in the Victoria, the Albert, and the Tilbury groups of docks. It is not proposed that all the work of the port should be done here. Athough, I have said, in my memorandum, that the East India Dock could be dispensed with, I have since come to the conclusion that it could not be dispensed with, from the point of view of the accommodation needed, taking into careful consideration the number of vessels that come into the port every week on the average, their tonnage, and the probable development of the port, if better facilities are afforded. I think, perhaps, it would be better that I should not proceed further, except in answer to any questions which may be put to me, because I might be covering ground that was not perfectly relevant.

2173. What is that other plan?—This is the ordnance map, coloured; this is not quite correct as regards the colouring of the South-west India Dock. I am sorry to say this is the best thing that could be obtained. That is not a good recommendation of state control, but it is the best thing that could be obtained. It is 21 years old, and it is very incorrect, in fact, I think it is 25 years old. This, as I say, is not quite correct; that shows the South-west India Dock as it exists now. It is very different from *this* (*pointing to another map*). This was formerly a timber dock. This was a much smaller affair; it was originally known as the Poplar Gut, but now this is swallowed up. This is to show the proposed entrances to the basin. It is proposed to form a basin there 90 acres in extent, to receive the vessels as they come up on the tide, and then to admit them into the dock as occasion serves, because we could not admit the biggest vessels at all states of the tide, and to admit the biggest vessels at any state would require some amount of dredging. Remembering that the biggest vessels draw 27 feet of water, it is proposed that we should have 30 feet of water there, and that we should be able to receive the biggest vessels for 5 hours out of the tide, that is 5 hours out of each 12, about 2½ hours before full tide, and about 2½ hours going down, making 5 hours out of each 12, or 10 out of each 24 hours. That would enable us to cope easily with all the increase that would be coming in. The same cutting is shown on that other map; the length of the cutting is 1·13 miles.

2174. Has any engineering opinion been taken about this plan?—I have taken an engineer's opinion, and got an engineer to draw this up After this was drawn out, I submitted it to an engineer, and asked him if he would give it his attention, on the lines suggested, and he did so, and this was the result. He has suggested the most efficient method so far as I am able to judge, of building up the foreshore, what particular kind of stuff should be used, and how the whole thing could be done, and the cost of the whole thing.

2175. What is the present condition of that piece of land coloured pink, where you propose

Duke of *Devonshire*—continued.

to cut the channel?—This portion is the existing West India Import Dock, and that is the West India Export Dock. A vessel, when it comes in with its cargo goes into that dock and discharges; it then runs out through the basin into this dock to get loaded again, if it is loaded at the West India. Therefore this proposed cutting would swallow up the West India Import Dock, but would leave the warehouses; as there are warehouses at this dock, it would also leave this intact, and leave the South-west India, which is a good dock, intact also; but it would swallow up a little of the basin. Of course, each of the docks requires a basin to receive vessels from the river as the tide suits.

2176. Have you any objection to stating the name of the engineer who has been consulted?—The engineer whom I have referred to in this case is Mr. Cheesewright of the Haymarket, a qualified man with regard to dock walls; he is very familiar with them, and he is engaged largely in the building of dock walls and harbours.

2177. How many of the existing docks would be unemployed in consequence of this?—Three at least, the Victoria, the Albert, and the Tilbury.

2178. Will you show where they are?—(*Pointing.*) Here is the Victoria, which I say is outside of London. I have tried to show that we must come to the centre of distribution, where the merchant can consider it London, not that he will arbitrarily fix it, but because London is the place where the goods must come to ultimately, therefore we cannot well go below that point. The Victoria Dock is outside that point. This is the Victoria at Canning Town. Then there is the Albert, which runs from Canning Town to North Woolwich. These two and the Tilbury Docks, 15 miles below, by the river, would be dispensed with so far as accommodation goes. We should supply in these higher up all that they now supply.

2179. You have in your memorandum given an estimate of the cost of this operation?—Yes. I have stated that just to make that cutting and to build up the foreshore, leaving the requisite water space, would cost something like four millions, according to one engineer's statement.

2180. Is that including the cost of the land, or is that only the engineering operations, the work?—It is only the engineering operations; it is not proposed to take any land other than the foreshore. The existing river is something like 1,200 feet wide, and it is proposed to build that up some 300 feet on either side, and leave the remainder as the watercourse, the waterway for the docks, and to make use of the land for the quay space and for railways, and to build the warehouses upon. It is proposed that the warehouses should be built in such a fashion that in each department of trade, with each kind of cargo, the ships, wherever they should come from, could go direct plumb with the warehouse, so that as the ship came in the crane attached to the warehouse would simply hang right over the hold of the ship, and lift the cargo out, and moving it right into the loophole of the warehouse, and save all the unnecessary handlings which now take place, favouring, of course, the most perfect development of machinery that we can get hold of.

Duke of *Devonshire*—continued.

2181. I suppose your opinion is that such an enterprise as this could only be undertaken by some public authority?—I believe it could be done either by a dock trust or by a public authority, but I should favour the public authority.

2182. When you speak of a dock trust, do you mean that it might be done as a commercial speculation?—Yes, I believe so. I should be sorry to see it so done, but I quite believe it could be done.

2183. With parliamentary power?—With parliamentary power. Of course, they would have to be able to borrow the money, &c.

2184. And to take land, I suppose?—And to take land. I am not sure that I made it clear that we do not propose buying any land unless it should be necessary, and I think it might be found to be necessary to construct two tunnels. It is quite likely that it would be necessary to construct two tunnels under the then river. Now, of course, it is easy to come across here, there is a rail that does; but if we made that a watercourse it would be necessary to get from the docks by some means other than a bridge, I think, either a bridge or tunnels, and the most feasible course at present would appear to be to have a couple of tunnels.

2185. You do not require that land inside the bend?—Not at present. At present this is used by dockers and others as allotment lands. It is a singular thing but that land is used as allotments, and they are now cultivating it. It is really made up land pumped largely out of these docks; it is a boggy place which has been raised sufficiently, and now the dockers and others are cultivating it in some of their spare time. Of course, that affords a little outlet for a small proportion of the dockers employed in the Millwall Docks. This, I suppose, is simply the filling up of the foreshore, it is not buying land. On this map the yellow line is intended to meet the arguments of those who said those who now have a water frontage will require to retain that frontage, or to have very large compensation. It was designed in this way to show that it would be quite possible to have all the space requisite, the water space, and the land space, and still to leave a canal on either side, leaving a canal so as to leave them a water frontage with access to the locks, and therefore access to the river.

Mr. *Dale.*

2186. Is the yellow line a canal?—The yellow line is a proposed canal. I do not think it is a particularly wise proposal, because it would mean much more expense in the building up of the walls, but if there was anything real in the argument, anything very weighty in the argument, that those who now have businesses running along there require a water frontage, the water frontage could be left them, and all that is requisite would still be available.

Duke of *Devonshire.*

2187. I suppose the existing dock companies are established under Acts of Parliament?—Yes, and they have just sought powers to borrow, I think, 200,000*l.* to enlarge this particular dock that we propose to cut through. Practically, the trade is going from the India. If I may supplement what I have already said, it might be interesting to make clear that this being the usually busy season in connexion with the docks and wharves, we yet have at this season in the Victoria, Albert, and India group a terrible amount of privation because very little work is coming there; but that is partly because they are becoming unsuited to the trade, and therefore that traders are going to other docks, and partly because the same company controls the Tilbury Docks, which were a kind of white elephant for a long time, and now as it were to justify what they have done, they have favoured trade going into those docks as against these, and these are lying idle largely. Although the Victoria and Albert are two very large docks, there is very little coming into either of those docks because a much larger proportion is going into the Tilbury Docks.

Mr. *Livesey.*

2188. Then there is too much dock accommodation already?—There is more dock accommodation than is being used, although, to be quite frank there, any new proposal would have to provide quite as much dock accommodation as now exists, because of the occasional gluts which may take place through ships being weather bound, they may come in in a rush, and we may require more dock accommodation to use at one particular time to serve as basins for the reception of these vessels than we require on the average. But there is more than is really used at any one time, that is quite right.

Duke of *Devonshire.*

2189. You state that it is not your business to deal with vested interests or to discuss compensation?—I have said that.

2190. Do you admit that any questions of vested interest requiring compensation would arise?—I do admit that, I certainly would.

2191. On the part of whom?—On the part of the present dock companies and wharfingers who are conducting the trade of the port, whose welfare would certainly be interfered with if such a proposal as that I have made were to be carried out.

2192. Take a wharfinger, what is his vested interest?—The wharf property and the trade he is conducting at that wharf out of which he gets his living, because if other facilities were provided which would enable the work to be done with greater advantage than he can now supply, he would lose the trade, and other people would get it.

2193. Would he be in a different position from a tradesman who had a shop in a thoroughfare which ceased to be a thoroughfare?—Not at all. He would be exactly in that position, and I should have raised that if I had been cross-examined upon that point, I should have used that argument. All the same demands are sure to be made for compensation.

2194. But the dock companies which have raised money under parliamentary powers perhaps would be in rather a different position, would they not. Would not any one who invested in a dock company which had obtained an Act of Parliament have some ground for believing that Parliament had considered this a useful public undertaking, and would not immediately proceed to destroy it?—I think there would be something to that effect; there would be a difference as stated by you, the one is done under parliamentary sanction, the other is purely a business speculation without parliamentary sanction.

2195. I think you were going to say something else on that point?—Yes. What I wanted to make myself responsible for, was trying to show that we could control the trade of the port and discharge every duty in connexion therewith more efficiently than it is now done for the consumer, and to a very great advantage to the worker. But although I have said that I do not make myself responsible for the financial aspect of the question, I am prepared to go into that to some extent, that is I have tried to understand exactly whom we should interfere with if this proposal were carried out, and the various plans by which it might be carried out. In the first place, one could take this view, that we could simply get the requisite authority to construct that dock as proposed, and leave it to have what effect it would upon existing businesses, practically refuse to have anything to do with the existing dock companies or wharfingers. Let them hold their own if they can and let the new proposal hold its own if it can. In that case there would be no talk of compensation. Then, if we come to look at what money has been invested, that puts another aspect upon it. Of course that question is sure to be raised. I find that the dock companies controlled by the London and India Docks Joint Committee, have sunk some 17,500,000*l.* in the various docks under their control, but I presume that we should not entertain that very closely, as to how much they had sunk, it would be a case of what they are making. Examining into what they are making, I find from their balance sheets that the net profits appear to be about 500,000*l.* a year, that is of the docks under the joint committee. But when you look to the rateable value it gives it differently, and the reason it gives it differently there, I presume, is because the dock companies have some special arrangement altogether distinct from the wharfingers. Wharfingers are rated as householders are, but the dock companies are rated upon their net profits; if they make nothing they pay nothing, and some other portion of the community must pay for them. That is the privilege which is afforded to dock companies as distinct from private enterprise

Duke of *Devonshire*—continued.

concerns, and I believe wharfingers consider that a very serious evil. Now, taking the rateable value as a basis, I find that the wharfs and granaries—and I have the quinquennial valuation for every wharf and for every granary in the whole of the port—but dealing with those between Blackfriars Bridge and Greenwich Ferry, which is the place where they are principally located, I find that the wharves and granaries have a total rateable value of 433,394*l.*; taking the docks under the London and India Docks Joint Committee, I find they are rated at 217,386*l.*, whilst the Millwall and Surrey Commercial are rated at 61,200*l.*

Mr. *Livesey.*

2196. The two?—The two, the total rateable value being 711,980*l.* Then I suppose it comes to a case of so many years purchase, but that is what the quinquennial valuation for 1890 shows to be the value of the docks and wharves and granaries of the port of London, 711,980*l.*

2197. What they are rated at that is?—Yes, what they are rated at, what they actually pay.

Duke of *Devonshire.*

2198. Have you formed any opinion, taking into account what your scheme would cost, what might have to be paid in the shape of compensation, whether the investment would be a sound one from a commercial point of view?—I have consulted many persons, some of whom I think are very competent, including shipowners, wharfingers, dock directors, and civil engineers, and many of them are decidedly of opinion that whether taken in hand by a competent municipality or whether taken in hand by a dock trust from a business point of view it ought and it would pay well.

2199. In diminishing the wasteful expenditure which you say goes on in the port of London?—That is so.

2200. Which would enable the London rates to be reduced?—That is so.

2201. Have you considered at all what would be the body which would undertake the management of the port?—I should favour the Government of London taking it in hand.

2202. The County Council?—Yes.

2203. Directly, or through them?—Directly responsible. I am fully alive to this fact, that the present County Council are not prepared to actually embark in that particular trade. They could not with their present knowledge control the docks and wharves in a very satisfactory fashion, but they could easily obtain the means, so I should say directly rather than indirectly, because indirectly the Clyde is controlled in this way; indirectly Liverpool is controlled in this way, but they are very unsatisfactory in my opinion. I happen to have the constitution of each of the Harbour Trusts with me, and it is quite clear to see, and I want to anticipate what may be put to me, that those docks which are at present controlled by the municipalities have not made a very good show, and that those docks which are controlled by dock trusts have in many instances made a very good show indeed from a business point of view only; but there is no more humane method of employment there than exists in London. From my point of view I should have very little stimulus or desire to advocate anything in the shape of merely better control, of the accommodation that is. They have better accommodation at Liverpool, but the method under which it is controlled does not improve the conditions under which labour is employed.

2204. I think your opinion is that if such an operation as this could be carried out the work would be nearer the workers, and there would be less necessity for casual employment?—There would be less necessity.

2205. Even if the scheme were carried out and worked entirely on commercial principles, there would not be so much objection in collecting together a great population of casual workers as there is now?—The evil would be rectified to a little extent, but to a very little extent. I fear if what would be sure to happen did happen—provided there was no recognition on the part of the authority that should control the accommodation that they were to control the labour also—the authority would control the accommodation and let out to shipowners and others the various dock and quay spaces and warehouses, and these would become the employers under a casual system. They do that now at Swansea; they do it at Liverpool.

2206. You advocate this scheme as a much more perfect and business-like system than the present one?—I do.

2207. And in the end, you think, it is calculated to give better and more permanent and constant employment to a smaller number of workmen?—That is it, to a smaller number; that is the difficulty which has got to be faced.

2208. It would involve, in the first place, a considerable displacement of more or less constantly employed labour?—"Of more or less constantly"; yes, it would.

2209. How do you propose to deal with them in the first instance?—First, I would like to mention how many I think would be dislodged. I believe that if it were possible now to do the work of the port as it is at present done with the number of men actually required to be at work, there would then be a surplus of 5,000 at least. Those would be dislodged entirely, and assuming the trade of the port did not develope materially, I reckon that by the improved methods probably another 6,000 would be dislodged, or another 7,000 possibly. We could do the work of the port with 7,000 fewer men than are now required, and with something like 11,000 fewer men than are now hanging around the docks; and I should propose, in order to absorb them, that a regulation of working hours should take place in other industries, to follow on with something else if that did not suffice,

Duke of *Devonshire*—continued.

but I am of opinion that that would suffice. The proper regulation of working hours, by which I mean fixing a weekly limit, a weekly maximum, would provide an adequate outlet for those who would be dislodged.

2210. That is a point which you deal with in your other paper?—Yes, that is so.

2211. You do not believe that any acute crisis would be the consequence of such a scheme as you are proposing which could not be dealt with in those ways that you suggest?—I am sure it would not, because, in the first place, assuming that it was agreed upon, "Yes, we will try and "carry out the proposal, and get the engineers "to work," there would be seven years' work right off; there would be more men required for a number of years rather than men to be discharged.

Mr. *Dale.*

2212. In construction?—In construction; therefore, if I was advocating something for the unemployed, I could not make a better proposal.

2213. Your 12,000 would then have to be absorbed into other industries?—That is so, when that was over.

2214. Unless there was a growth in the meantime?—Yes, and that would afford us the requisite time during which it is fair for me to assume that the tendency of events would be such as to warrant us in supposing we should gradually be able to draft them in.

Mr. *Livesey*

2215. About the docks. You said the tonnage of the coasting trade was six million tons, but you did not include in that the coal, I suppose?—No, that would be another five millions.

2216. Is not the history about the docks this, that the London Dock Company purchased the Victoria and then added the Albert?—Yes.

2217. And by adding the Albert they cut out the East India Docks?—That is so.

2218. And then the East India Dock Company to put themselves on a level with their rivals built the Tilbury?—That is so. First there was an amalgamation between the St. Katherine and the London; then the India Company which controlled the West India and East India built the Victoria.

2219. No, the Victoria was an independant dock?—The Victoria was independent at that time, that is so.

2220. The East and West India Company did not build it?—No, they did not, but they ultimately purchased it.

2221. The London purchased it?—Quite right, but the rival company then came down and skipping over built Tilbury in order to checkmate the company which had got the Albert and Victoria to prevent them from taking all the trade.

2222. The London and St. Katherine had got the Albert and Victoria, and then the India to

Mr. *Livesey*—continued.

protect themselves built Tilbury and so over docked London?—That is so, over docked London then, although I feel bound to keep to my words that it is clear that when the occasional gluts take place there is not very much dock accommodation to spare.

2223. Have you considered, for instance, a matter with which I happen to be acquainted? These old maps I am afraid have misled you. They have shown vacant land where that basin is, but there is a large gasworks there which has been built since these maps were made, on which many hundreds of thousands of pounds have been spent. To carry out your scheme you would have to displace them?—Not necessarily. I am allowing for all that. There is ample space for all requisite basin accommodation without interfering with the gasworks.

2224. Not where you mark it?—No, the engineer marked that and I did not trouble to have it altered.

2225. Then another thing, about the big ships. I have been told that some great difficulty or rather the necessity for taking the docks down the river was to accommodate the big ships, and that many large ships do not like to come higher up the river than the entrance to the Albert docks. Is that the fact?—The largest ships could not conveniently come up except just when the tide is at its highest for about one hour in 12, and therefore, dredging would have to take place, remembering that they are drawing, as I have previously said, 27 feet, and that 27 feet does not exist there.

2226. Then apart altogether from that is it not very dangerous navigation during a large part of the year? Take last week, for instance. I was down in the neighbourhood of Blackwall Point and all the time I was there the steamers were blowing their foghorns. Would you get the big ships up to your new dock?—We could get the big ships anywhere where facilities were afforded; and of course, I am proposing that adequate facilities should be afforded for the smartest vessel the world knows. I would make accommodation for the 550 feet vessel right off.

2227. Would they come up?—Certainly, they would come anywhere, they would be glad to come wherever there are facilities for discharge; they do not care where they go to a mile. All the big vessels come either to the Tilbury, the Albert, the Victoria, or to the South-West India.

2228. I am afraid your friends have very much under-estimated the expenditure, you know what is the experience of the Manchester Ship Canal?—Yes, I am fairly familiar with it.

2229. As to this question of compensation, along the bank of the river, for instance, there are very important works here at East Greenwich, the telegraph construction and maintenance?—Yes, there are.

2230. You would cut them off from the river?—We could afford everyone an outlet who required it.

2231. I suppose the wharf wall of your new docks would be a deep-water wall, so that the

Mr. *Livesey*—continued.

largest ships could come alongside at any time?—That is so; so that they could come broadside to the quay like the Albert, not abutment jetties like the Victoria, although if increased accommodation were required then by building on the abutment jetty plan we could make much more accommodation.

2232. But it would be a very expensive river wall or wharf wall?—It would. I have an estimate for that from the engineer that I have called attention to, including the tunnels, that I have proposed; he puts it down at six millions.

2233. That is without building any warehouses?—That is without the warehouses.

2234. Simply the river wall and the dock wall?—That is so.

2235. And the locks?—All the necessary excavating, the necessary construction of the walls, and including the ironwork in connexion with it.

2236. Have you considered what would be the effect of the increased scour by shortening the channel?—Yes.

2237. Would you not get in that 1⅛ miles, the whole fall that we now have, in that long bend of 3½ miles?—That is so.

2238. Would not that seriously affect the up river?—Not seriously, so far as I have been able to gather. It would not interfere with their mooring; it would simply increase the rate a little, which would be a considerable advantage in cleaning the river. It would absolutely clean the river, so it is calculated by competent engineers whom I have consulted, because the tide fortunately runs down 6½ hours whilst it goes up 5½.

2239. Would it not be likely to interfere with the stability of the bridges? You know Vauxhall Bridge, for instance, is now condemned. It is now in a dangerous condition owing to the scour of the river having washed away the bed between the piers?—Yes.

2240. If you largely increase the scour of the river, as that probably would do, it is a question whether it would not interfere with all the bridges?—It would have an effect, but the effect would be practically as nothing, at least, so I am informed by engineers who are supposed to be capable of judging.

2241. Going away from the dock question, you said something about stopping manufactures that were not wanted. Now, who would decide as to the utility or mischievous nature of the myriad articles of manufacture and consumption?—The public taste.

2242. Suppose there is a public taste which results in a public demand?—So long as the public demand is apparent I should not interfere with it, except by educating public taste.

2243. I quite admit that competition is productive of great evils, but would not a municipal or general State control result in a worse evil, that of stagnation, and a deterioration in the quality of work done. What inducement would there be for men to exert themselves to their best?—The inducement to discharge one's duties in a manly fashion. Until that comes about, the proposals I am making will not be brought about. Once that does come about, there is the requisite guarantee that they will be conducted well.

Duke of *Devonshire.*

2244. That there will be what?—A desire to discharge one's duties from a point of honour.

Mr. *Livesey.*

2245. When all men do that then your scheme will be a success?—And long before all men do it. When a sufficient number of men are prepared to take the initiative, and educate public opinion to the desirability of a superior method of control in the common interest, then, I believe, it will be done, not all at once, but gradually.

2246. What inducement will there be for an individual to exert himself to the best; what advantage would he gain by it?—The advantage of doing his duty only.

2247. At present, a man sees a want, he invents a machine to supply that want, and he gets profit and advantage out of it; do you expect that he would do it from a sense of duty?—I certainly believe that the very best work of the world is done from a sense of duty; not from mercenary motives.

2248. Take Sir Henry Bessemer, for instance, who invented a new process of making steel; do you think he would have done so if he had no hope of a pecuniary reward?—I am, perhaps unwarranted in saying so, but from my knowledge of the make-up of men like Sir Henry Bessemer, I believe they get a love of their work and because they love it, they go in for it. I know ordinary engineers, not much superior to myself in ability, who really love their trade, and are thoroughly engrossed with it, and are continually using their time with a view of making some practical proposal, not with a view to getting money out of it, and, as a fact, they do not. I have a lot of workmen friends who have made many valuable proposals, and have got nothing out of them.

2249. And you think that a large proportion of men may be educated up to that high standard of doing their duty without hope of reward?—I do. I should like to quote John Stuart Mill as an authority on that. All that I have advocated this morning is based on John Stuart Mill. In his autobiography he says "the social "problem of the future we considered to be, how "to unite the greatest individual liberty of "action, with a common ownership in the raw "material of the globe, and an equal participa-"tion of all, in the benefits of combined "labour." I interpret that "combined labour" as being this exercise of the common control that I have tried to emphasise. Then a little later on he says "education, habit, and the

Mr. *Livesey*—continued.

"cultivation of the sentiments will make a "common man dig or weave for his country as "readily as fight for his country." I presume that his argument there is, that men have fought well for their country, although they have not been paid well for it, and I know a good many who have fought for their country, who have got a very small amount.

2250. Is not the struggle for existence an essential condition of human happiness?—An essential condition of human happiness? I should not say yes to that. Although I do not want to oppose the argument in favour of the struggle for existence, I am quite willing to take that and even to take the survival of the fittest as an argument. It will not oppose that which I am advocating. I believe the best will be the fittest in good time.

2251. You stated something about cheapening railway traffic; do you go so far as to advocate free railway travelling?—I have not endorsed that idea myself, though I think it is quite probable that if we succeeded in getting State control I should very soon say yes, and free railway travel too. It means the public purse. It means that I as a man, as a family man, as a citizen, should contribute my full share towards the general expense, and therefore the word "free" is a misnomer.

2252. It would be paid for out of the rates and taxes instead of by the individual?—Yes, the same as my children now get educated under what some people call a free system, but I pay my share towards that free system all the same.

Mr. *Burt.*

2253. Regarding the men thrown out of employment, I think you said that those would be absorbed by shortening the hours, by regulating the hours in connexion with other trades, but you did not specify what those other trades are?—No, I mean in all trades. I want to make this a little clearer than I have yet made it, that there shall be no sudden dislocation of men. As I have stated the engineer's estimate is that if such works as these proposed were taken in hand, and the full equipment of men that could reasonably be put to work thereby were employed, it would then take from six to seven years to complete, and therefore there would be an absorption first. It would provide work rather than take work away from those who are now only getting a small proportion. Then there would be a gradual easing up, and whilst that was going on, I should be sure to be—bound to be, if I am alive—identified with those who are calling or any such regulation of the general working hours in general trades, as will make provision for those who will be dislodged in this way. If something deeper than that were necessary, I should then be prepared with something deeper, but I do not think it would, and therefore do not trouble to make any other proposal.

Mr. *Burt*—continued.

2254. Speaking generally, would the men who would be displaced in your opinion easily adapt themselves to other work?—Very easily. For instance the building of that on the lines that could be suggested, on the lines represented by the coloured ordnance map, would require perhaps about two men in 20 to be skilled and expert, and as to the others any man with physical capacity and a will to carry out instructions could do the work.

2255. The great advantage would be in giving steady and what we may call continuous employment to the men who work?—That is the vital point from the labourers' point of view That is the first point with me, but then I am trying to lay equal stress upon the great advantage resulting to the community generally.

2256. But looking at it entirely from the workmen's point of view that would be the great advantage?—That is the advantage from the workmen's point of view.

Professor *Marshall.*

2257. You say that your position is substantially the same as Mill's with regard to socialism?—Yes, I think so.

2258. Do you think that he and you lay quite the same stress upon all the different sides?—Perhaps not, I dare not say so much. He would probably be much more cautious than I am.

2259. The point of agreement was this, was it not, that if mankind could be governed entirely by public spirit, there would be no longer any use in private property?—I think that fairly states his position.

2260. But that until that time has come we must be careful not to cut off any of the springs of activity?—Very careful. He emphasises that very strongly, and I should like to say that so far as I am able I desire to appreciate it equally strongly.

2261. Do you think that he would have endorsed your statement, that inventions are more likely to be made under a collective *régime* than under an individualist one?—I could not reply to that with a definite "Yes" or "No," but reading most carefully as I have read and thought over that which he has stated, especially in this volume I now hold in my hand which is his autobiography, then it seems to me that what I ventured to say is quite warranted by what is here stated.

2262. Can you find there or anywhere else in his writings any support for the opinion that inventions would be more likely to be made under a collective *régime* than under an individualist one?—I do not think I could point to any particular paragraph where he expressly states that; but unquestionably the general conclusion to be drawn from a perusal of this is that he favoured the development of the common control of industry, and believed that men would gradually learn to work for the common good as effectually, as thoroughly, as honestly, and as

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earnestly as they now do for their personal and private good.

2263. I think that could not be challenged if the word "gradually" is interpreted to mean spread over many centuries. Do you take the word "gradually" in that sense?—I will take the word "gradually," but not quite in that sense of centuries. I am quite willing to take the word "gradually."

2264. I mean as representing Mill's opinion; Mill did not expect that this "gradually" represented a progress that could work itself out only in the course of centuries?—If I might be permitted to quote the particular passage that weighs very strongly with me, and which seems to be supported by the general context, I will do so. After stating that very short passage that I quoted this morning concerning the desirability of all participating equally in the benefits of combined labour, he then says: "We had not the presumption to suppose that we could already foresee by what precise form of institutions these objects could most effectually be attained or at how near or how distant a period they would become practicable. We saw clearly that to render any such social transformation either possible or desirable an equivalent change of character must take place both in the uncultivated herd who now compose the labouring masses and in the immense majority of their employers. Both these classes must learn by practice to labour and combine for generous, or, at all events, for public and social purposes, and not as hitherto solely for narrowly interested ones."

2265. Does not that very passage show that he thought a change in human character had to come before it would be safe to move much in the collectivist direction?—It does.

2266. With regard to the tendency for inventions to grow under Government management, have you watched whether it is the practice for private works to copy their new ideas for machinery from Government works or whether the practice is the other way?—I should say it is the other way.

2267. And therefore so far the world would not be ready to trust its inventions to Government departments?—At the present time, no.

2268. You gave as one suggestion that ultimately I suppose the Government should suppress literature that was not likely to promote the public well-being?—I think that properly falls within its province.

2269. That has been tried before in the history of the world, has it not?—Yes.

2270. By the Inquisition, for instance?—Yes.

2271. And by autocratic Governments, the Government of Russia, for instance?—Yes.

2272. I believe it would be rather difficult to get your memorandum, for instance, into Russia?—Yes, I believe it would.

2273. Do you think it is quite certain that the suppression of what is thought injurious literature may not come to be the suppression of that literature which would have turned out to be the most important for the future?—It might be so; but it is not probable that it will be so. The kind of Government of course that I favour is that kind of government which should be properly representative of an educated people. The cases that you have quoted have not been Governments representing an educated people. The democracy in those countries is very far from being educated, and might properly be covered by the term used by Mill, "An uncultivated herd," which perhaps is largely true of the workers of this country, but less true than formerly, and will be still less true in the future; and when that time arrives then the Government will be proportionately improved.

2274. Do you not think that by the time we are so far improved as to be able to know what literature to suppress, we shall be so far improved as of ourselves to abstain from writing improper literature?—I think it is very probable, and I recognise that that under-cuts what I have previously said; but having previously said something concerning this it still served my purpose.

2275. Now, passing to the special question of the docks, I think the changes that you have proposed would have two advantages, a geographical re-distribution of work and a re-organisation of employment?—That is so.

2276. And the two really stand on quite different grounds?—Quite different grounds.

2277. It would be possible to have either without the other to a certain extent?—Yes.

2278. Taking the geographical distribution as it is, supposing that it should be found impracticable to cut the new canal, you have followed the evidence given by Mr. Booth and Mr. Hubbard, and others, and I think you are of opinion that it would not then be practicable, even if everybody wished, to make labour dovetail in with the present arrangements?—It would be partially practicable, but we could not make a good job of it, and therefore tackling the proposal, I am, of course, identified with those who would like to see a thorough good job made of the business if we once take it in hand.

2279. I wanted to get from you more clearly what you thought were the difficulties in the way of Mr. Booth's proposal. You mentioned the need of allowing a free pass by the railway, would there be any great difficulty in that. Would it not be a very small commercial transaction to give to all the dockers free passes along the railway to their place of work?—That in itself would not be a very large proposal to carry out, but I question the advantage that could arise from trying to carry it out. I have previously stated that occasionally practically the whole of the men are required, very rarely; but still occasionally practically the whole of the men in the port are required to do the work of the port, and if that should happen once or twice a year it upsets the whole contention.

2280. I do not quite see how. Was not Mr. Booth's proposal that the work should be arranged for a number of men who would do a moderate day's work during the greater part of the year; and that in times of special stress, and only those, they should work a little overtime

Professor *Marshall*—continued.

and a few outsiders should be got in?—That fairly states the position taken up by Mr. Booth as I understand it.

2281. And what are the objections to that? Why is that impracticable?—Less because of the actual location of the docks and wharves than because of the sectional interests from the employers' side.

2282. But do not you think much may be done by the employers getting to look at employment from the point of view of the *employés* under the influence of growing public spirit and growing public opinion?—I think considerable good could be done in that direction, but I am not anticipating that it will be done in the immediate future; and even then the same spirit would prompt them to take the matter in hand in a more complete fashion.

2283. Do you not think that the path of least resistance at present is to try to bring public opinion to bear upon employers in this and other industries to consider employment as a public function and not as a private affair merely?—I consider that part of my personal duty and every day of my life I try to carry it out.

2284. Do you not think this is an easier way towards that route which you and Mill alike desire than the complete taking over the management of industries by Government?—I would certainly lay equal stress upon it, and I do not believe that the taking over by Government authority would be very effective, unless that spirit permeated the average man.

2285. So that whatever route we go, we must largely wait on the improvement in human character?—Largely, yes.

2286. Then turning to this question of the geographical distribution of dock work, I think that the matter has been already discussed between you and Colonel Birt rather at length before Committee B., has it not?—Not at length. It was inferentially referred to, but not with any grasp.

2287. I think in question 7021, Committee B.,* you asked "Do you consider it no disadvantage to have the number of lighters going up and down the river, which are now going, and the consequent handling of the cargo, putting it from the dock quay into the lighter, and then lightering it and then putting it out of the lighter on to the wharf quay?" and he answers, "You cannot put your ship, which has 50 descriptions of cargo, alongside a warehouse suitable for each of those articles; you must lighter them, put your ship where you will. In our docks, for example, goods are stored in the dock; we lighter a very large proportion of them; we cannot put the ship where the room is. But even if we had one central dock you must lighter them. Say the ship is from Calcutta, she has jute, silk, sugar, tea, all sorts of stuff on board. The jute must be stored in one place," and so on. I think you rather would desire to meet that objection, that you have something to say in answer to that?—I admit that that is fairly weighty, and that it is really an objection to the contention that I have put forth that a ship should be brought right alongside the warehouse to receive the special cargo that she has, and that there should be no secondary or unnecessary handling. So far as this statement is a truthful one that it is impossible to overcome that lightering it minimises my contention, but as one who is fairly familiar with the operations that go on at the various docks and wharves, I am certainly of opinion that nineteen-twentieths of the unnecessary handlings, according to my interpretation, which now take place could be renewed, although I admit the truthfulness of the general lines of this statement of Colonel Birt.

2288. Colonel Birt did not seem inclined to admit that anything approaching nineteen-twentieths could be avoided, did he?—He did not for the dock that he is responsible for, but he is only responsible for the Millwall Docks, and although you skipped one little line, I wish to be allowed to quote it. In reply to me he commences, "Of course if you could obviate that it would be better."

2289. I did not notice that I had omitted that?—That is in direct reply to my question He says, "Of course, if you could obviate that it would be better"; that is, if you could obviate the lightering so much the better; and then he proceeds to show that it would be very difficult to obviate much of the lightering. My reply to that is, "Yes, I admit that there is some lightering that could not be obviated, but nineteen-twentieths of that which I am calling unnecessary is really unnecessary."

2290. But you did not get him to agree with you, I am afraid?—I do not think I succeeded in imparting to him a correct notion of what I was driving at. For instance, I am not sure which particular question it is, but I addressed a question to him to this effect: I said, "What about Tilbury; have they the requisite warehouse accommodation," in effect, I said, that I well remember, and he said, "Yes, they have splendid warehouse accommodation," the fact being that they have not one single warehouse. The very next day I received a letter from a dock directer, one of the joint committee, saying, whatever did you mean by your question to Colonel Birt concerning warehouse accommodation; he said, do you not know that we have not a single warehouse at Tilbury. He had misunderstood the drift of my question, and corroborated my own position by saying, as a director, that they have not a single warehouse, nor have they; they have nothing but transit sheds.

2291. Does it not go on at question 7042, where you say, "Or have they transit sheds"?—That is the question.

2292. Does he not there say that the transit sheds are so made that they can be used for warehousing anything, even silk?—He does so reply, and all I can say to that now is this, it was not for me to make a statement then, that they have not one single warehouse or shed where they can work cargo. The working of cargo means this, take tea, for instance; tea is commonly discharged, in fact is now being dis-

* Minutes of Evidence, Vol. i., Group B.

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charged at the Tilbury Docks, the working of tea means, if it is Indian tea, as the bulk of it is, that the tea is first put out of the chests, or bulked, and the chests are repaired by tea coopers. The tea is mixed to equalise the quality, that does not take place with China tea, but it does with Indian tea, and it is Indian tea that we get principally. Then the working of that, and the weighing of that, and the housing of that, and the piling of it and delivering of it requires very large warehouse accommodation. They have not one single warehouse where they can do a little bit of that at Tilbury. Therefore it all has to come up to the up-town warehouses, or to the wharfingers.

2293. What do you think of Colonel Birt's opinion that tea must be brought right into the centre of London, and that it would not do for it to be warehoused at their docks?—I do not think he said it would not do to be warehoused at the docks; he says, the nearer you can get to London Bridge the better, which I thoroughly admit, but these would be sufficiently near, I am contending. He did not say it would be sufficiently near, he says the nearer you can get to London Bridge the better.

2294. Do not you think he implied that in his case the Isle of Dogs would be too far off for warehousing under such conditions as those?—Possibly he did. I could not say. I do not think he caught what I was driving at, and I was rather dissatisfied with the general replies, and with my own questions on that occasion.

2295. He seemed also to think that the growth in the size of ships would render it increasingly difficult for them to come up even to the Albert Docks?—That certainly is the case, and I replied to that this morning by saying that even the largest ships now, such as the "Cunarder" recently launched, of 600 feet in length, and 9,000 tons without machinery, could not come up to the South-west India Dock for instance, because they were dredging, and I am proposing that we should dredge, and I say that by straightening the course of the river, the natural scour would largely contribute to the cleansing and deepening of the river, and we should overcome that difficulty with considerable ease, because that difficulty has been met by the Clyde, by the Belfast people, by the Tyne, and by every important port. Practically the Clyde has been created by that. It was a mere ditch prior to the Commissioners taking it in hand, and they have made it a grand place. It is a real qualified port now, where the smartest liners can now be run in, and with the least effort we could do the same here.

2296. I do not like to ask you questions on engineering on my own authority; but might not the result be to diminish the scour instead of increasing it, because the amount of water that now comes up past the lower reaches must be sufficient to raise up some 20 feet, or whatever it is, the water that goes round the Isle of Dogs. When the course was shortened there would be less water at every high and low tide flowing past Gravesend?—No, there would be the same water, but it would go a little faster.

2297. But surely there would not be so much wanted, because the length of the upper part would be lessened?—Yes, but nature will supply it to us whether we want it or not. I think that is the rule. I think the natural forces will send it up.

2298. Have you considered at all the expense of this dredging?—I have.

2299. Have you given an estimate for it?—I have not submitted an estimate. Pardon me for one moment there, if you remember I gave two estimates this morning. When pointing to the map on my right now, that is the one allowing for the canal, I stated that to construct that channel and to build up the foreshore, as shown on that map, the engineer's estimate was 4,000,000*l.*, but turning to this other map, and dealing with the construction there as shown, and the building up of the foreshore, and allowing for the excavation of the basin, and also allowing for the excavating of two tunnels and new dredging, which I did not previously allow for, then the estimate was 6,684,000*l.*

2300. Do not you think it is possible that enough may not have been allowed in that sum for dredging?—The engineer who gave the estimate is thoroughly conversant with dredging and wall-building. It is the same engineer that I quoted from this morning. We spend an enormous sum on dredging now every year. I have the dock company's balance sheet, which will show what they have spent themselves, and I would just like to quote it. I forget what the sum is, but I have the balance sheet, and I will just quote what they have spent. For the half year ending 30th June 1892 the dredging comes to 16,469*l.* That is the one dock company, and that is for the half year, and it is 33,000*l.* for one company, for one year, as apart from what the Thames Conservancy do, and apart from the other companies.

2301. Do you think that is any considerable part of what would be required for dredging under your scheme?—I do, and I think very much of that would be rendered unnecessary in the future by the additional scouring.

2302. I think that the Government, as a producer of printed matter, have chiefly occupied themselves with the production of blue books and ordnance maps. Do you apply your socialistic scheme to the Government management of ordnance maps?—Their development and production?

2303. Yes, I mean do you think that the ordnance maps are as much up to date as they would be if the management were in the hands of private persons?—I think not, and whatever effect that may have on my general contention, I certainly say from my point of view it is a disgrace. If that detracts from my own argument I am prepared to stand by it.

Mr. *Gerald Balfour.*

2304. Among the arguments which you urge in favour of collectivism the first is that industries would be better organised?—That is so.

Mr. *Gerald Balfour*—continued.

2305. You think that the present system leads to fluctuation of employment and useless production and to the palming off of spurious goods by the arts of salesmen?—Yes, I have said that.

2306. Now, do you think that there would be no fluctuations and no useless production, under the collectivist system?—I think there will be both fluctuations and useless production but they will be minimised and gradually grow less.

2307. How would the fluctuations be diminished?—By the capacity on the part of the controllers to blend interests. For instance, there are trades now in London, and the engineering trade will serve as an example, in some departments of which in the engineers' shops they are not only working full time, but systematic overtime. In other shops in the same trade with similar capacity, managerial and journeyman's capacity, they are short of work and they discharge a portion of the staff, whereas under the system of common control that I am advocating there would be a general easing up all round. If there were 6,000 men, for instance, employed in the trade in a given district, say, London, under normal conditions, the whole 6,000 men would be employed, but if trade should fall off, one-sixth then under present conditions they would discharge one-sixth of the men and keep the other 5,000 on. But under the conditions I am advocating they would distribute the work over the 6,000 and work five days a week. That will serve as an illustration of the advantages that they would derive viewed as I view it if they were under common control instead of sectional.

2308. It is not then that you think a public authority would be better able to foresee fluctuations in supply and demand, but that when fluctuations occur, you think a public authority could better distribute whatever work was going?—I do also think that they would be better able to foresee and to guard against them. But I shall have occasion to say more about that when I come to deal with the unemployed later on.

2309. You do not think that the automatic action caused by the competition of various individuals would on the whole correspond more closely to the variations of demand than would any effort made to forecast what is going to happen by a public body?—I do not think so. It does not seem to me to work out in that way.

2310. Do you think that a public authority would endeavour in any way to determine demand by controlling supply under the collectivist system?—I should scarcely think that, I should think they would allow the fullest free play to what I may term the economic capacity of the people generally to consume. Their economic capacity to consume would be encouraged.

2311. And the public taste would determine what should be made and what should not be made?—I think so. And of course the only Government that I am recognising is a Government that should properly cater for an enlightened public taste

Mr. *Gerald Balfour*—continued.

2312. Your view is that Government should not endeavour to exercise control over production?—It would endeavour to exercise control in this sense, that the department specially charged with the responsibility for obtaining facts concerning the general drift of trade would be called upon to take specific action to make known to all concerned the exact direction of affairs, and guard against any serious fluctuation; and I think that that principle could be put into practice now by a competent labour department.

2313. But it would not endeavour to control production except so far as might be required to make production correspond to demand?—I think in no other way. I do not at present see the necessity for it doing other than that.

2314. I think, however, you made an exception to that general rule in the case of literature?—I mentioned literature. I was asked why I thought a future Government would be called upon to take action, and my reply to Professor Marshall would show that I recognise that the future Government must rest entirely upon an enlightened people, and that the people themselves will decide what is wise and good in that direction. I quoted this morning something as being spurious to-day, and which would not be produced to-day were it not that the men who produce it find a difficulty in getting an outlet for their energies on better lines, and thus were driven to turn to questionable lines.

2315. But which is to come first, the improvement in public morals or the Government control of industry?—The improvement in public morals comes first from a section of the community and not from the mass, and then that section endeavours to influence Government in a wise direction and helps the Government; and I think I am correct in saying that Professor Marshall concedes this in his book that I have recently read, by saying that an enlightened Government may lead the mass of the people—in those directions, that is—may be a little ahead of them, but it cannot be ahead of the best people, of course.

2316. But has Government management of industry, so far as it has gone, brought about a better condition of affairs to the workers?—Neither better nor worse.

2317. That is to say, it has had no effect?—Practically none. I could quote instances where the conditions are better, and I could quote instances where the conditions are worse. But that entirely depends upon what is the make of the Government, which I admit depends upon the make-up of the people, or that important section of the people who practically set the lead.

2318. Then any improvement that has taken place up to the present time has taken place under the individualist system?—Certainly. I admit that, but I say that the individualists have seen the advisability of utilising the experience of State machinery to promote the carrying out of their suggestions, and they have

Mr. *Gerald Balfour*—continued.

succeeded in doing that, as for instance in the Factory Acts.

2319. I quite understand that, but I am speaking now of the universal collectivism which you contemplate, and what I want to ask is this. If under the individualist system this improvement has been made, why should not you trust to causes at present in operation to bring that improvement nearer to the perfection which you look for?—Because I find that the majority of those who are most concerned about the welfare of the nation in its collective capacity have learned the advisability of using not only the voluntary agencies that they have previously been familiar with, but to an increasing extent, the advisability of utilising also the administrative and legislative institutions whensoever those institutions can be got to work better than voluntary institutions can.

2320. But surely everybody admits that in cases where State agency can do a particular work better than individualistic agency it should be called in to do it?—I endorse nothing more than that some legislative institutions might be utilised with greater advantage than would be the case by leaving it to economic forces.

2321. Supposing this perfection of human nature was achieved which you look forward to, would it not cause any system to work well?—Yes, undoubtedly.

2322. You state in your paper that "the progress of science, metallurgical, mechanical, and chemical, is impeded by the sectionised methods of conducting trade that obtain to-day." What grounds have you for that belief?—My knowledge of the industries of the nation, and of how they are conducted.

2323. Would you explain that a little further?—I would say that there are many mechanical appliances which, if applied, would enable a much greater output per head to be the result. These mechanical appliances are not applied so long as the firms who are responsible can, shall I say, scratch along. It would not be difficult for me to illustrate this by pointing to engineers' shops in London, in many of which I have worked, some of which have very smart appliances, and others have very antiquated appliances. I find that there is no general outlook for that which is capable, that which is competent, that which is most efficient; but the question is, can they run along, can they make a profit; and if they can they let everything else lie dormant.

2324. But if their machinery is antiquated, I presume they are at a disadvantage, as compared with those shops in which superior machinery is used?—They are at a disadvantage if they attempt to cater for the same section of the community that the superior ones cater for. But they do not, and therefore they drag along, and the community generally suffers in consequence, and I am of opinion that there is much knowledge now possessed by the nation that is not applied as it might be applied for the advantage of the nation. I mean now, with regard to the production of ordinary commodities, we are not making the best use of our energies, I say.

Mr. *Gerald Balfour*—continued.

2325. Now, I suppose you would agree with me in thinking that the present age has probably surpassed every other, in regard to the development of inventions?—I agree with that

2326. And it has also been a conspicuously individualistic age?—Yes.

2327. Do not you think those two things are connected together?—Yes, and I do not wish to dissociate them, and now, although I am a collectivist, as is to be gathered from what I have said, yet I desire now to say that I am strongly individualistic, and that I only want to see collectivism established in such a way that it should further the development of a more perfected individualism. If that appears contradictory to what I have already said, I cannot help it.

2328. No doubt we should all like to have the best of both systems as far as possible. But let us return to the question of invention. In what country does invention make more rapid progress than in any other? Should not you say America?—Yes.

2329. Is not that more individualistic than any other?—It is.

2330. You say in your paper, "modern commercialism demands of the conductors of trade and commerce, not that they shall endeavour to excel, but that they shall, by some means or other, obtain the trade of competing firms." Does not the example of both England and America show that the trade of competing firms is best obtained by making an improvement in the methods of production?—Yes, on the whole. But that does not state the whole case. It has so many ramifications that to observe the general effect one has to take stock of the industrial class that now exists, and the individualism that has existed right through this century, and which I admit has existed, and which has brought out many good points, and also has brought out many bad points.

2331. One moment: I am not discussing the general question, but merely the question of the development of invention. I understand you to say it is checked by the present system?—I do say so, and I will proceed to illustrate it specifically.

2332. By all means?—I am quite prepared to illustrate it specifically. I ventured to say this morning that I have known persons who have brought out improvements that have actually been applied, and I also know persons now who are possessed of the capacity to bring out improvements, but who know that immediately those improvements were applied it would tend to their own detriment, and that of all their fellows, and therefore there is no inducement to bring them out, and I should not be induced to bring them out unless I were possessed of a public spirit with a view to serving humanity, which view does not weigh with every man.

Mr. *Gerald Balfour*—continued.

2333. But in judging of these matters, is not it necessary to look rather to the general tendency than to particular cases?—I think we ought to look at it all round; I am wishful to do so.

2334. If it is true that in individualistic countries the greatest development in invention has taken place, is not that an argument that the general tendency of individualism is to promote invention?—It has a strong tendency that way, and sufficiently so to warrant the most careful attention being given to it, and to prevent any one making any other proposal without the gravest thought, and it is after giving it the most careful attention I am capable of giving it that I am inclined to say that good as individualism has been, it is too bad to warrant a continuance of it on present lines. We can retain all its advantages without its present disadvantages.

2335. New inventions are made or new machinery is introduced; there follows a loss as well as a gain, is not that so?—Yes, generally.

2336. At present that loss falls upon competitors who have not the advantage of the new machinery or the new inventions, and upon the workers whose labour is displaced by them; is not that so?—That is so.

2337. Now, if the community were to own all the instruments of production, this loss would fall upon the community, would not it?—Yes, certainly, and very right too.

2338. Do not you think that that would make the community very slow to move, very slow to adopt improvements, very slow to introduce new inventions?—I certainly should think not. If the community were made up as I can conceive it being made up in the future of persons who desire to make progress in every becoming direction, they would know it was advisable to have a margin of their life for experimental purposes, and that in the long run would mean that that would pay exceedingly well, and a loss on a given expenditure would count as nothing as compared to the knowledge to be obtained by the experiments made. I do not think it would reduce or detract from the inventive genius. I think it would stimulate it.

2339. You really hold that view both as to the development of inventive genius and the adoption of new inventions?—As to its development and importance to an important and very growing section of the community.

2340. You go on to say that the collective system would not only make production more efficient, but distribution more equitable?—Yes.

2341. How would distribution be determined in the collective state?—I am bound to approach this of course, as I have previously stated, gradually. I take it that distribution would be decided more on ethical lines than it is to-day. Ethics are not brought in in regard to the relations of employers and workers to-day, but they must and will be brought in, and are gradually being brought in, and then it would not be very right for one man to take 10,000*l.* a year from a firm, and another man to take 50*l.* only.

Mr. *Gerald Balfour*—continued.

2342. The result, then, depends upon the improvement in human nature, like every other advantage to be obtained under your system?—Yes, but the development of human nature will secure that which is right without any conditions, and I have no concern for collectivism or any other "ism" other than in regard to the equitable relationships between men.

2343. The effect of your system would be to distribute the wealth which at present goes to pay rent and interest on capital amongst the workers?—That is so.

2344. Have you got statistics showing the amount of wealth which now goes to pay rent and to interest?—Yes.

2345. I think you mentioned that you had statistics in your other paper?—Yes, I have, and I have given them.

2346. Are those the only statistics to which you refer, those at the end of your second paper?—It is not given in detail there, but I am prepared to give them in detail from memory.

2347. Perhaps this question also had better be deferred till later?—Perhaps so.

2348. Now to return once more to the mischief arising from fluctuations in trade which everybody will admit to be most serious. Is collectivism the only method by which these fluctuations might be mitigated?—I know of no other way.

2349. I suppose you would agree that where a trade is peculiarly subject to fluctuations, the wages should be higher in that trade during the periods of employment?—I certainly think that is desirable, although I do not consider that that adequately meets the full requirements. In a properly organised state of society we could not look upon it as satisfactory for men to be called into requisition for six months in a year, at a rate of pay that would keep them the whole year, if the bulk of the people have to work the whole year to keep themselves. I should consider it a waste of human energy.

2350. I quite understand that, but what I wish to ask you is this, whether associations of workmen could not lay by a sufficient amount of surplus wages during periods of prosperity, and so to a very large extent meet the periods of depression?—By means of making a provision for the unemployed periods?

2351. Yes?—We already do that, but it is shockingly unsatisfactory. It is unsatisfactory from every conceivable point of view excepting that it just prevents one from dying. I mean that I am not satisfied as a workman, I having paid into my trade union for many years, and paying now a very considerable sum, costing me in common with other members, 1*s.* 4*d.* a week for benefits, therefore I am not satisfied as one that pays in, neither should I be satisfied if I were one that received the benefits, that that

Mr. *Gerald Balfour*—continued.

was a proper solution of the difficulty. I say it serves as a temporary alleviation, but it can never be looked upon by my kind of man as satisfactory, holding as I do that under a properly organised industrial system, an outlet would be afforded for one's energies the whole of the year, and a proper remuneration be secured.

2352. Apart from that last question, if wages are sufficiently high during the period of employment, and the contribution sufficiently large, the fluctuations of trade should be in some degree provided for?—In some degree provided for, and they are now in some degree provided for. It is the degree that is the question. I say they are not adequately provided for, nor do I see how they can be adequately provided for on present lines.

2353. You think that State action should supplement this expedient by transferring men to some other employment where there was a demand for their labour?—By facilitating the transfer at any rate.

2354. Do not you think that transfer could be to some extent made easier than it is now by labour bureaus?—I certainly do, and that would be on the lines I suggest. I am not concerned about any particular interpretation of collectivism or socialism. I am concerned only about the well-being of men by any and every rational means.

2355. You spoke of the present tendency to trade syndicates and trusts?—Yes.

2356. Do you approve of that tendency?—I do.

2357. Do you approve of it otherwise than as constituting an approximation to the collectivist system, or possible approximation to the collectivist system?—Yes, I do.

2358. Do you think it is good in itself?—I do think it is good in itself. It often brings in its train much harm which might be rectified by proper combination on the part of the workers themselves. I believe in organisations of workers and employers, and it is more easy to have them in large industries than in industries conducted on a small scale.

2359. And would you like to see those trusts and monopolies more widely extended than they are?—Yes, but I must, of course, safeguard myself by saying that I have confidence, that the development of the organisation of the employers in the form of syndicates and trusts will bring about the necessary development of organisations on the part of workers, so that the evils that have resulted from syndicates or trusts in America will be avoided here, and the evils we have here will be avoided in the future.

2360. I am not asking you any question with regard to this special scheme of dock reform, because I have not really followed the inquiries of Committee B. sufficiently to do so with advantage, but I should like to know what body is to be entrusted with the management of the docks, according to your view?—This morning I have said that the County Council would in my

Mr. *Gerald Balfour*—continued.

opinion be the proper body, because they represent London more generally than any other body of governors or controllers. I am hoping, of course, to see the government of London being complete, which it is not as yet, and then I favour that government of London taking control of the port of London.

2361. I think you have told us that as a matter of fact, municipalities have not been, so far, as successful in the management of industry as trusts and syndicates?—I said that in effect, but I ought to supplement that, perhaps, by saying that there is no first-class port where the municipality has been called upon to make itself responsible. Bristol is a case where they have, and although Bristol is not a very good case for me to quote, it is a fairly good case, and fairly well managed. They had exceptional difficulties to contend with, which they have never been able as yet to overcome, but they are overcoming them, and they are showing very considerable administrative capacity in connexion with Bristol. I think other cases could be quoted where a mere botch has been made of the whole thing, but some municipalities are poor things indeed, and you could not look to them making a good job, but I look forward to the improvement of the municipalities themselves greatly.

2362. Then your proposition is that a trust would be superior as regards administration, but that municipal management would have other and greater advantages?—No, I am of opinion that an enlightened municipal body would be able to administrate and control the port quite as effectually and economically as any dock trust, and I should follow that up by saying, that we might in reason expect that same municipal authority to behave in a humane fashion towards its workers employed there, to a greater extent than we should expect a mere syndicate of capitalists to do.

2363. In short, you have in anticipation not only a great improvement in human nature, but also in the administrative capacity of public bodies, is that so?—Yes, but still I am not looking forward so much as 50 years before anything could be done, because the government of London to-day, in my opinion, for instance, rests upon the policy that has been advocated by the more enlightened section of the London community, and I believe that that enlightened section would be able to control the government, so far as it is proper to speak of controlling a government, and cause that government of London to exhibit a more humane spirit, as well as an equally capable business spirit in connexion with controlling such a business as that proposed than would be possible with a body of capitalists who were merely capitalists.

2364. Do you anticipate that evils would arise in consequence of any political pressure which voters might bring to bear upon the municipality?—I do not. The evils in that direction are decreasing and not increasing, in this country at any rate.

Sir *Frederick Pollock.*

2365. I only want to ask one question. I think you said that you would expect capital to disappear in the collectivist state of things?—Not capital. The capitalists would largely disappear ultimately.

2366. Do you consider the collectivist system to be applicable to small as well as to large communities?—I do.

2367. What would you say of it in those cases where the community is too small to have in itself the necessary capital to carry out its industrial development? That is at this moment the case, I believe, with several of our colonies?—Whilst that is the case, I think the best thing they can do is to borrow on similar lines to what they do now, but I presume that those cases will gradually grow less and less, and that probably the time will arrive (and I know this is far ahead of the state of things, but I am not concerned on that account) when a State possessing abundance of capital would be quite willing to assist a smaller State with insufficient capital, and that without taking very much interest for it.

2368. But you admit there are, in the present state of things, communities not having enough capital within themselves for their development, such as at this moment, I believe, all or most of our West Indian colonies. Must not they borrow in the market in the ordinary way for works either by Government or by private enterprise?—I would rather say yes to that question than enter into a long statement which would necessitate my objecting to a lot that is done in connexion with what I look upon as financial rings. Therefore I content myself by saying yes.

Mr. *Plimsoll.*

2369. I think I heard you speak with approval of syndicates and rings?—Yes.

2370. Are you aware that your sentiments are diametrically opposed to those of American statesmen, who have had ample experience of the operation and effect of rings and syndicates?—I have read in American magazines that they are so opposed to them, but I am not concerned about that. I do not think America is a very good country to quote from as to economical matters.

2371. England may suit you better. Do you imagine it is better for the public that every man, woman, and child should have to pay more for salt now than they had before the salt ring was formed?—I certainly do not. I think that is a direct evil.

2372. But do you think that human nature is so far improved as regards the members of that syndicate as to suppose that they are accumulating those enormous profits for the sake of the public, and not for their own individual advantage?—No, I fear they do it mainly for their own individual advantage, and I am prepared to admit that during the transition period the community generally are likely to suffer rather than gain, but all the same I look upon it as a necessary transition through which we must pass before we reach some better stage.

Mr. *Plimsoll*—continued.

2373. What do you say as to the oil trust in America, which is made up of a group of capitalists who are neither producers nor distributors, but who have combined to secure possession of all the natural mineral oil wells in order to make enormous fortunes?—I should not like to be responsible for anything that the oil trust has done, but I can repeat the general principle that I favour the development of organisation on the part of employers of labour and for the matter of that, on the part of capitalists, and I say that, although evil may result for a period, yet I am satisfied that the net result will be a great gain to the community because ultimately the powers that they now use in an unfair manner they will be deprived of, but the advantage that accrues from the sub-division of labour, and from the more effective methods adopted by large bodies as compared with small ones, are advantages which, when the community generally secures them, will be well felt by all.

2374. Are you aware of the case of the recent epidemic in the United States, a trust which was formed of all the coffin-makers, raised the price of coffins, because people were dying faster than usual. Do you think that a desirable development of collectivism?—The possibility of a syndicate of that nature exercising such a power as that exists only because of the inefficient method in which the workers have organised, and, it seems to me, it is a splendid object lesson to the workers. They should become organised as speedily as possible and then they will prevent that kind of thing arising.

2375. But in that case in the States, where a certain body of capitalists have got control of the whole of the capital what possible combination outside themselves could prevent their charging what they pleased for any article. How could a combination of the consumers of sugar, for instance, all over the States, compete or fight against so powerful a monopoly of capitalists as that?—There were certain witnesses before this Commission last week that to my mind served to show what is likely to happen immediately those evils are felt by a thoughtful community. Let that principle be put into practice in this country, and immediately a stimulus will be given to productive co-operation, and the result of that will be that the general spirit that is at work through the trade, and the labour organisations of the workmen will cause them to refuse to deal in any way whatsoever in those commodities that are not produced under fair conditions, so that although I might not be able to point to any good at all that is arising from the organisations of these American capitalists, I am yet prepared to say concerning this country, and I should think in the future, of America, it would be so, that the principle evil from individualism will itself be a stimulus to much good ere long, and I am quite prepared to face any evil that may arise from it. It will stimulate activity on the

Mr. *Plimsoll*—continued.

part of the workmen in their own directions and in their own interests.

2376. That is permitting evil that good may come, but how would it be possible for the consumers of salt to forego the use of salt till they brought the salt ring to their senses, or how would it be possible for the consumers of sugar in America to forego the use of sugar till they brought the sugar syndicate to their senses?—Without effective organisations it would be impossible to take any decided action, but those cases afford a splendid lesson, showing the necessity of organisation, and I am quite prepared that people shall suffer till they learn to do that which is wiser.

Mr. *Jesse Collings.*

2377. In reference to a reply which you have just made to Mr. Plimsoll, do you feel that you are not in antagonism to the system which you have been already advocating, that is of municipal action with regard to the control of public works?—I am not in antagonism.

2378. You do not think that the bringing the capitalist and the operations of the capitalist more generally into competition would make it more difficult for the municipality to do the work which the capitalist has hitherto done?—I think that an enlightened public will very soon learn to checkmate the evil arising from the development of combinations of capitalists.

2379. But do not you consider that you are referring to two systems, that you are speaking favourably of two systems which are directly in antagonism?—I am speaking favourably of a system which I have termed collectivism, which can only be reached by slow degrees, and before it is reached we must pass through what you are speaking of now as being another system, that is, the system of combinations of capitalists for capitalistic purposes only, and, therefore, although it carries with it some evil it will land us in ultimate good, I think.

2380. In answer to Sir Frederick Pollock you said, for instance, in reference to smaller countries which have not capital that they might borrow from larger States that have capital?—I have no other proposal to make.

2381. When you say larger States you mean individual capitalists in those larger States; you do not mean a State as such, do you?—If we were in a community where the State itself in its collective capacity controlled the capital then they would have to borrow from the State in its collective capacity, but if there were individualist control the State then would have to borrow from the individuals.

2382. But would not it be the fact that when the capitalists were destroyed and the State represented then there would be no capitalists to lend any money at all, either to a smaller State or to anybody, in fact?—It is conceivable that some countries will develope in such a way that there will be no private individuals prepared to advance money to foreign States.

2383. And that is the tendency of what you recommend, is not it?—I think so.

Mr. *Jesse Collings*—continued.

2384. I just want to ask you this question; you have repeated a phrase frequently, municipal regulation and municipal control; does that mean in the carrying on of the business referred to, whatever the business might be that you should control it and entirely carry it on, and be the masters in the business?—In some cases, yes, and in other cases, no. The first state will be a control without ownership or bossing-power so to speak; in other cases it will be advisable to control it entirely, and the municipal body or some department of it would render that same service in the way of organising, that is, that service which is now rendered by capitalists.

2385. You illustrated your reply about the carrying on of the business or control of it by reference to the land. I do not go into the question of land nationalisation at all, but only to get at your meaning, and I ask where you say the land should be controlled and regulated or managed, do I understand that you would advocate the municipalities in the district carrying on all the farming operations of the country, for instance?—Ultimately, possibly, yes.

2386. But what did you mean when you said that?—What I mean when I say ultimately, yes, is that I should look forward to a time when the raw material of this country will be owned by the people collectively, and not by sections individually.

2387. But, as a practical question, what did you wish the Commission to understand that you wanted; was it that the municipality should carry on the farming of the country or the operations of farming, or that they should simply control the raw material; that is the land?—I will give as practical a reply as I am capable of giving to a practical question, and that is this: that I am in favour of immediate action being taken by the Government empowering the respective county councils of this country to obtain from the private owners of land, under fair conditions, sufficient land to supply the requirements of all the labourers who are now asking for the advantages of small holdings, under fair conditions. That would bring in municipal control without municipal ownership.

2388. Then it is the control of the raw material, and not of the manufactures and productions?—I am not opposing the control of the manufactures.

2389. I only want to get at what you meant by municipal control or municipal regulation. It does not follow that the municipality is to carry on manufactures, does it?—Not necessarily, although I am in favour of the municipality controlling more than they do now, and owning more and conducting more, as distinct from merely controlling more.

2390. You suggested that the condition of the municipalities at the present time was such that they had not the good of the community in view in some cases. What did you mean by that?—I said there were such. I think there are such. I believe that some municipalities

Mr. *Jesse Collings*—continued.

are mere rings in the objectionable sense of the word.

2391. Have you any experience in municipal life?—I have been a careful observer of municipalities, and I am fairly familiar with Birmingham and other towns in the Midlands in that respect.

2392. Have you any experience of municipal life?—I have never served as a municipal councillor.

2393. In their composition they are affected by the people?—They are.

2394. And consequently they are such as the people themselves make, whether or not they are actuated by the desire to advance the good of the community?—Generally that is so.

2395. And would you have an appeal from that judgment?—No.

2396. Then what practical alteration have you to suggest as to the present method?—No alteration.

2397. What is the best that you have to suggest?—I am very satisfied indeed with the development now going on in connexion with the municipal councils; I only stated that some councils had endeavoured to control certain industries, and had made a botch of it. I said some councils do not try to render public service, but they take a sordid, individualistic interest in the worst sense only, and they have not an enlightened public opinion to back them up; but I am satisfied that public opinion is becoming sufficiently enlightened to secure better behaviour on the part of the municipal councillors in the future.

2398. I wanted to get at what was the practical outcome or remedy which we might gather from your evidence. You state that all hangs on the public opinion being sound?—Yes.

2399. Have you any recommendation by legislation or anything which the Commission could recommend that should tend to make public opinion more sound?—No, I do not think I have. What I am endeavouring to state in a general sense is this: that these changes that are being recommended by a growing section of the community, which I think is the intelligent section, should be favoured and helped rather than hindered and checkmated by the governing authority.

2400. Then you have nothing to recommend beyond letting things alone till they grow better, that is, till the general body of the community grow more sensible, and then their representatives will be more sensible?—I am prepared to say that is my position, but it has to a considerable extent to be qualified by what I shall have to say later on when I am subjected to further criticism.

2401. You have no practical recommendations to make to the Commission by which that happy state of things can be hastened, have you?—Yes, I have, and I have set forth half a dozen this morning.

2402. But suggestions to improve the municipalities?—No, I have not.

Mr. *Jesse Collings*—continued.

2403. Then they must take their course?—Yes, and I think they are taking a right course.

2404. As to Birmingham, are you aware that that municipality does undertake a good deal of manufacturing?—Yes.

2405. Are you aware that the operatives and artisans have agitated to a very considerable extent against the municipality doing so?—I understand that is the case.

2406. Then you would force on municipalities municipal control, by which I understand to be meant the municipal production of goods in the form of manufactures against the wish of the ratepayers and the people generally?—No, I would have the ratepayers themselves decide, I would have the inhabitants decide what should be done; I would not have a Government; I would not have Parliament authorise a municipality to take over and control but certain industries.

2407. Then, as I take it, the outcome of it is this, that you would like to see that state of things, the municipalities undertaking the control and taking manufactories and workshops, and so on, but you have no recommendations beyond this, that we should wait till the people themselves wish it?—Oh, yes; but I am contending that people in many municipalities are now as to an important section of them wishing the municipality to exercise the control that I am advocating.

2408. Yes, but we have nothing to do but to wait?—Quite so.

2409. There is no legislative action that you can suggest or that you can recommend which should hasten that state of things?—No.

2410. Then do I understand that what we are to gather from your evidence is that the municipalities should simply have power to do all those things?—Yes, and be encouraged by active citizens to make use of that power.

2411. But that is by no legal methods, is it, it is by the social scheme that that would be done?—Yes.

2412. But with the exception of the municipality of London, which I believe does not possess such powers, do not the municipalities of the country already possess such powers, that is to say, supposing Birmingham, Manchester, or Liverpool wished to have docks or wished to make a canal, or wished to do anything else, or to manufacture anything else, or to manufacture anything, have not they then the power to bring a scheme before Parliament and to do all that is required?—They have power to make application for power, that is all.

2413. Yes, they have the power to apply to Parliament that the scheme should be carried out?—That is so; they have the power to make application for the power, and an unsympathetic Parliament refuses that power perhaps.

2414. I scarcely accept your interpretation of what I say. For instance, take the Birmingham Corporation, they wish to manufacture all their gas and they wish to manufacture all the steam engines in the city; should not they then have power under a scheme to do it?—They have the

Mr. *Jesse Collings*—continued.

power to seek parliamentary power, I do not see what other phrase I can use; they cannot do it on their own account, I understand.

2415. Is there anything to prevent them making steam engines?—They never do it, anyhow.

2416. But to get at what we as a Commission should recommend for the purposes of giving any further power in the direction in which you are giving evidence, do I understand that all you wish is to confer on the County Council of London power if they choose, and if the ratepayers will allow them, of acquiring all the great undertakings such as docks, and so on?—It has scarcely been part of my evidence to concern myself about the power which the present London County Council possess. What I am concerned about is the practical application of the principle of control in certain departments of industry where sectional or individual control has not succeded in rendering good service to the community viewed as I view it, but the power to put this into operation I am not for the moment concerning myself about.

2417. Yes, but should you be content or do you wish for anything further than to give the municipality, the county council for instance, the powers you refer to. Do they aim at any compulsion be applied?—No, no compulsion. Let the London municipality make application to Parliament on the same lines that Birmingham can, and obtain in the constitutional form whatever power is requisite to enable them to undertake such work as they consider it desirable to undertake.

2418. Do I understand that you do not wish them to have the power, even if it is desirable, of doing that or anything else without the consent of the people who elected them, the ratepayers?—Certainly I should say that, I should say that the people who elected them are the real people.

2419. Are not we then arguing in a circle?—Perhaps so, but I do not think I raised the point, Mr. Collings.

2420. What I want to get at is what we are to gather from your evidence in the practical way of carrying out by legislative means what you have in view?—May I state here that I have not come to urge or to ask for fresh legislation. This particular part of my evidence consists in this. I say that certain evils exist, I admit them, and I think I can propose a remedy, and I have endeavoured to propose a remedy, and I shall be very glad to be examined or anything in connexion with that proposal.

2421. There is one other question, in speaking of the re-arrangement of the operations of the docks and doing away with the transshipment and so forth, and the saving of unnecessary expense. I think you admit that that would enormously lessen the demand for labour?—It would.

2422. But then you said also, I think, that the men who are not required had better not be there?—Yes, I did.

Mr. *Jesse Collings*—continued.

2423. Have you any suggestion to make to prevent their being there?—Yes, I suggested this morning that I would absorb them into other industries by a proper regulation of working hours, which if done would, I believe, absorb all that would then be surplus.

2424. There is no legislative enactment which you would recommend to prevent thousands of men going down to the docks trying to get employment, or anything of that sort, is there?—No, I am not recommending that.

2425. Then I think you said that about 15,000 instead of 30,000 dock workmen would be sufficient for the work of the docks, but what is there to prevent that which happens now, that is that another 15,000 or 5,000 or at any rate a surplus number, trying to seek employment there?—This, the proposals I have made being carried out. Under the proposal I have made, the men would be permanently employed, they would have their names down on the books as part of the establishment, and there would be then just as much chance for men going down casually and getting work there, as there is now in their going down to Woolwich Arsenal, where the staff is already sufficient; I mean, if there was no chance they would not go.

2426. Cannot that be applied to the present system as to having the number requisite for permanent employment on the books, but why should not extra men go down and try to get employment?—I have endeavoured to show that that is impossible under my system. It is not done, and the dock companies say they have done the best towards bringing that about, but it is not brought about, and I have endeavoured to show that it is not due to the fault of the dock companies or the wharfingers, but due to the location of the docks and wharves, and also to the numerous sectional interests, and until these interests are unified, and the location of the docks is altered and made more compact, I do not think that that which I have set forth as desirable, is realisable.

2427. But what I want to put is this, that as fast as you give permanent employment to the men in such a great centre of industry as the docks in London. would not there be an attraction for men to seek employment, not only from London but from all parts of the kingdom, which would make a surplus?—No, of course the reverse would take place, they go down there now because they stand a good chance of getting a job, but they would not go down if they thought there was no chance of getting a job.

2428. You think that by carrying out those works it would absorb the 10,000 men that would now be out of employment and not be required, but do not you think it would attract several times the number from various parts of the country, when such an undertaking as this was entered upon?—Yes, it would attract them just in proportion as it held out hope.

Duke of *Devonshire.*

2429. I do not think I quite asked you to explain when you were on the subject of the London docks what was the first step which you would suggest should be taken in the direction of the municipalisation of the London docks ?—I think the first step will be to hold an exhaustive inquiry as to the present method of conducting the work in the port of London, how it is conducted elsewhere, the relationship of the port of London to other ports of the United Kingdom, and to other competing ports in other countries, and then I imagine that there would result from that a demand from the county council of London to Parliament, to grant the requisite power to take certain action. It might be done, of course, through a syndicate, it might be done through the agency of a dock trust, but as I have previously stated, I should favour it being done by the municipality, and therefore I think that if the inquiry was made of a sufficiently exhaustive nature, and they came, as I should imagine, they would come to the conclusion that very considerable changes ought to be made, the authority being agreed upon them, they would very soon seek the requisite powers to carry out the changes and put them into effect.

2430. An inquiry is the first thing ?—Yes.

2431. A State inquiry ?—Yes, I think that is desirable.

2432. An inquiry into the administration of the port of London ?—Yes, its administration as compared with that of other ports, and the necessities of the port to enable it to hold its own, because it is not holding its own, although I believe it is not actually diminishing. London has been the European port for a very long time, till comparatively recent years, and the main liners have run to London, and certain Continental trade has been trans-shipped from London, but now a change has come, and a considerable proportion of the liners are now running to Antwerp and Hamburg, and the London trade is being trans-shipped from Antwerp and Hamburg, and consequently trade is being diverted to that extent. I personally should not complain, provided its natural destination were Antwerp and Hamburg, but I believe that its natural destination is London which it is going from, and for that reason I consider it desirable that an investigation should be made.

(*Mr. Dale here took the Chair.*)

Mr. *Mundella.*

2433. I understand that irrespective of individualism or collectivism, your object to-day is to impress upon this Commission the desirability of the London governing authority taking possession of the London docks ?—That is so.

2434. And managing and controlling them ?—Yes.

2435. But is there anything new in that ?—I do not think so.

2436. It is done elsewhere, is not it ?—It is done elsewhere.

2437. You cited Bristol as an instance ?—Yes.

Mr. *Mundella*—continued.

2438. Is that done by the municipality or a trust ?—The municipality.

2439. Do not other places do the same thing ?—A few.

2440. Then it is only doing on a larger scale what has been done on a smaller scale at other sea ports ?—That is so.

2441. And of course done with the consent of the ratepayers ?—Yes.

2442. For which special legislation also would be required ?—Yes, quite so.

2443. Legislation for taking over the property by compulsory powers ?—Yes.

2444. And vesting it in the body which now has not the authority to manage it and control it ?—That is so.

2445. You stated that that would diminish the amount of labour and employment which the docks would offer, did you not ?—Providing the total amount did not increase it would.

2446. You said you would transplant that labour into other industries ?—Yes.

2447. Supposing these industries were already overstocked, what then ?—I stated that I would do that by legalising the working hours.

2448. Then you suppose that by reducing the number of working hours it would employ a greater number of people ?—I do.

2449. And you think that the lower we reduce our working hours, the larger would be our exports to foreign countries do you ?—Not necessarily.

2450. No; but would not it be a great deal smaller ?—Not necessarily.

2451. Then, with respect to what you have said about individualism preventing the development of machinery, are you quite of that opinion that the present competitive system prevents the development of the best methods of manufacture ?—I do not mean to say that that is very commonly the case, but I do mean to say that there are instances which come under my own notice, and I think they are much more common than is generally supposed where antiquated machinery is being used in place of much more efficient machinery.

2452. Is it not the fact that it is not only not very commonly the case, but is not it absolutely the reverse of the fact ?—Far from it.

2453. Is not it within your knowledge that the manufacturer who can get a faster or a better machine than his neighbour is the man that commands the trade and commands the profits ?—It is so sometimes.

2454. Is it not always the case that in every industry every employer, especially a capitalist, is on the look-out for the best invention he can find in order that he may produce the article in which he deals with the greatest facility and at the smallest cost ?—I can only say that that does not fit in with my general experience.

2455. Then you are of a different experience from every other man that I have met ?—I know it is very commonly said that the capitalist is continually on the look-out for the latest developments of machinery, but I know what I am stating when I state that as a journeyman

Mr. *Mundella*—continued.

engineer I have worked in places in London that are using antiquated machinery which is 15 or 20 years behind time, and I have left one place where I could turn out a given amount of work on a given machine, and have gone to do the same job at another shop where I could not do half of the amount.

2456. Those are cases where there was not sufficient capital in the industry?—No, they were continuing on, and making a sufficient profit to be able to exist, and they are existing now and have done for these 20 years.

2457. Do you tell me that shops like Whitworth's are not always on the look-out for the best kinds of machinery that can be constructed or devised?—If they were so they would not let the Americans lick them as they have done in several departments.

2458. Do you know why they do do so?—Because they have given closer and better attention to designing than they have done in this country.

2459. Is not it because the stimulus of high wages has produced a greater amount of labour-saving machinery in America than is here the case. Is not that the fact?—It is both cause and effect.

2460. Is it not the fact that the individualist system does produce this very rapid development to which you say it is inimical?—I have not condemned the individualist system *in toto*. I say it has many advantages, and it has many disadvantages, and I believe we might secure the advantages, and get rid of the disadvantages; but in speaking of machinery in America I am speaking of that I know when I say that machinery is made in America in a smarter way than it is made here, and that machinery is brought from Providence, Rhode Island, and is brought from Fitchburg, Massachusetts, which I have worked, that machinery is brought from there and transplanted to this country at the expense of the Whitworth machinery.

2461. Is not it the fact that machinery is first produced in consequence of the stimulus of competition, in order that they may diminish the cost of production, because of the high wages paid in America?—It is produced under an individualist system. Anyhow, that I thoroughly admit.

2462. That is going on to what I was going to put. You said something about labour bureaus, which you thought were extremely desirable for the purpose of finding employment in this country for men who are at present unemployed?—I do not say so much concerning them, and I only inferentially referred to them. I think it is thought, or was thought, desirable that that should be dealt with when I came to deal with the unemployed, but I am quite prepared to deal with the labour department, if desired now.

2463. You are going to deal with that later on, perhaps?—I will take the Chairman's suggestion. It was said that when I came to deal with methods of dealing with the unemployed, and when I came to deal with the eight hours' question, and with fluctuations especially, then I should deal with the labour department.

Mr. *Mundella*—continued.

2464. Then, perhaps, it would be better to leave the labour bureau till later. I have nothing more to ask in reference to the docks?—Very good.

Mr. *Courtney*.

2465. In reply to the Duke of Devonshire, who asked you for illustrations of the cases where useless or injurious work was produced under the present system which would be avoided under the collective system, you mentioned spurious literature?—Yes.

2466. Spurious literature is now produced by private speculators to tempt the taste or debase the taste of the public. That would disappear under a collective system?—Yes. It would disappear for two reasons, the first of which would render the second unnecessary. That is that there would be no public demand for it. I only mention that to show that something was produced, that there was not originally a demand for till created by the production of the article.

2467. There would be no production and no demand for it under the collective system, would there?—Not for that particular thing, I think.

2468. Have you given any examples of what you consider spurious literature?—No, I have not.

2469. I daresay, you agree with me that there are a good many newspapers which are unnecessary?—I certainly think so.

2470. And some useless?—Yes.

2471. And some injurious?—Yes, I think so.

2472. Do you think they would disappear?—I certainly think, that in proportion as general good sense would prevail (and this would apply to any system) there would be a minimising of the work that is now done in this way. But if I wanted to give other instances, I might instance the making of brown paper soles in bootmaking, which is certainly not desired by the community, and which is pushed forward by scheming manufacturers and equally scheming successful commercial men who secure the sale of them.

2473. We will confine ourselves to what you stated in examination. Would you have a community produce any newspaper but a municipal newspaper?—When we reach the stage we anticipate when the production will be controlled by the municipality, I say let each party produce its own paper.

2474. We are talking of the organisation of the future society when there is a municipal newspaper, and would there at the same time be a prohibition of any other newspapers?—I should not think so. I would advocate the fullest and freest expression of honest opinion.

2475. But would it be competent for any individual capitalist or speculator to start another newspaper appealing to what he thought was the taste of the public, or what he wished it to be?—I think that would be trying to carry me into a state of affairs which it would be unwise for me to speak upon. I should endeavour

Mr. *Courtney*—continued.

to secure that the interests of all should be safe-guarded. Now only some are safe-guarded, and others not.

2476. We are all agreed, and hope that purer tastes might arise and put an end to baser literature; but the question is, how is the adoption of the collective system under a municipality to bring that about. Judging by your illustrations, I should think that if there were a municipal newspaper there would be under your system a prohibition of any attempt to promote newspapers other than that one?—I do not mean any such thing.

2477. You do not look forward to that?—I do not, and I think it would be undesirable that we should tend in that direction.

2478. Then what specially does collectivism mean in respect to spurious literature; is it anything more than the creation of a better taste?—No, my proposal was not intended to serve as an illustration of what would be done under a collectivism. It was intended to show what is done in a spurious fashion under individualism, and having served my purpose there, that is sufficient for me.

2479. If you mean it was to be by substituting collectivism instead of individualism, and if that is the way you thought to get rid of spurious literature you must have had some strong reason for suggesting it?—I do not apprehend that collectivism will predominate until there is such a development of those powers that are requisite to run the whole industry of the district in the common interests of the community, and then everything else will properly fall in. With regard to the free ventilation of opinion, surely we may leave that to be worked out then. I have no concern for that just now.

Mr. *Dale.*

2480. Do you do yourself justice when you suggest that the only manner in which you expected that under collectivism spurious literature would disappear was the creation of a better taste. I thought you rested your expectation rather upon the furnishing of employment by the community to those who now seek to cater for its baser needs, because they had not other employment to turn to?—Yes, I certainly cover all that. I do not think Mr. Courtney would understand me as not including that.

Mr. *Courtney.*

2481. In looking forward to the collective organisation of society you rely very much on what has been done already by our municipalities, do you?—Yes.

2482. As furnishing historic precedents for what you hope will be the organisation of the future?—Yes.

2483. You refer to the making of gas and the production of water by municipalities?—Yes.

2484. Capital does not disappear when the municipality undertakes the making of gas or the provision of water?—It does not.

Mr. *Courtney*—continued.

2485. How would the transition come about by which the capitalist would disappear. At present if a municipality undertakes to make gas it borrows money for the purpose from different individuals, and how do you propose to get rid of that element from the organisation?—I should think the time will come when debts will be paid, and then a sufficient balance be accumulated for all necessary purposes.

2486. The municipality in their corporate capacity would by having their gradual savings gathered and invested be able to pay off the debts?—I think so.

2487. That is your view?—Yes.

2488. You think that might be extended to all undertakings of that kind?—I think so.

2489. Now, with respect to the lessons to be derived from this experience, you say that individualism impedes the adoption of scientific inventions. Are you aware that there has been any suggestions of jealousy on the part of the municipal owners of gas to the introduction of electric light?—I think there has.

2490. Does not that suggest that collective organisations might impede the adoption of improvements?—It suggests the possibility.

2491. If you make your community possessed of property which would be diminished in value by the introduction of a new discovery you get the collective instead of the individual opposition then?—Yes.

2492. Sometimes people have said if we had peasant proprietorship we should never have got free trade, but would not the collective opposition be very much more powerful than the individual opposition?—Collectively it would be more powerful, but in future municipal councils will depend upon their individual make-up, and they will depend upon the general forces that are at work in society, and it seems to me that the changes that are now taking place are such as to cause men, who formerly endorsed individualistic enterprises only as against common or general or collective enterprises, to greatly change their views, because they are of opinion that the interests of all are not secured, nor the interests of so many secured as might be secured under a modified system.

2493. Are not you comparing the operation of the national and collective organisations, backed up by a much improved population, as against the individualistic system with the present comparatively degraded population?—I certainly do not expect collectivism in its fullness until human nature has developed considerably, but I do expect an immediate application in certain directions, and an ever-extending, though gradual, extension of the same principle.

2494. But if we are to enter into a fair examination of it, must not we consider collective organisation with the present human beings as against individualism as it exists, and not individualism with an unimproved race of beings as against collectivism with an improved race of beings?—Yes, that would be a very fair view to take.

Mr. *Courtney*—continued.

2495. But, again, I suggest that you are comparing collective organisation with the improved as against individualism with the unimproved?—It is not a case with me of pitting individualism against collectivism, or *vice versâ*; it is simply this with me, I see the present system does not secure the interests of all, therefore irrespective of "isms," let us try to come to a conclusion whereby we can cater for the interests of more than we now cater for.

2496. You suggest another "ism" and then we have to examine what probable result will come from the change, and then we have to consider the elements which you are working with in both cases?—Exactly so; and that quite fits in, I think, with my proposed modification of the whole thing by saying, let us partially apply it just as the intelligent section of the community works up public opinion, and favours the application of those general principles by legislative institutions, and think they should be urged to facilitate those changes, and not hinder them.

2497. Who are those competent business men, may I inquire, to whom you refer who are getting more and more favourable to the transformation of society?—I have come into direct contact with a considerable number of men engaged in industrial manufactures, employers, proprietors of textile works, and iron works, and engineering works, and they are distinctly favourable to what I refer.

2498. I do not wish you to mention names if you do not propose to give them; but, referring again to the argument from municipal action on which very properly great stress is laid, municipal action hitherto has been confined to gas, water, tramway; and what else, docks?—Yes, and a few smaller industries not worth talking about.

2499. Those that are worth talking about, are from the nature of the case monopolies?—Yes.

2500. Do the good results (assuming always that they are good) of the action of municipalities in taking over necessarily monopolised industries warrant any conclusion as to what is to be done in passing on to industries where there is free competition?—Yes, they warrant a conclusion which warrants me in coming——

2501. How does it warrant you. You are arguing from experience of municipalities dealing with monopolies, and carrying the results of your observation into a series of instances where that element does not occur?—Yes.

2502. How does it logically warrant a conclusion?—In this way: that in order to successfully conduct the establishments that they are already conducting they must necessarily exercise the requisite business capacity; they must be able to take stock of forthcoming events and guard against difficulties, and to actually administer large concerns, and doing it in that direction in a satisfactory way warrants one in supposing that they may make an equally good case if they took it in hand in a sphere outside that which is properly termed a monopoly. In any case I am not for a moment speaking favourably of an arrangement which would take over various industries, the control of them, with their ownership; but I am speaking of common control as distinct from common ownership, and I have already said, in reply to various questions, that common control, to my mind, is secured through various agencies, not merely through organisation of workers or through municipal action, but equally so through the common action of individuals associating together on a voluntary basis.

Mr. *Courtney*—continued.

2503. The experience we have had hitherto is that of the substitution of municipal monopolies for monopolies acquired under some private Act of Parliament?—Yes.

2504. You must have a monopoly in any case, and you have only the substitution of the municipality for the capitalists; but in passing on to the various free industries you are destroying, by the introduction of the municipality monopoly, all the advantages to be secured by competition, so that the argument for the one case does not therefore apply to the other?—I have nothing to say in reply to that, except that I do not see that that militates against my general contention that the general well being is not secured, under the present arrangement, and we are called upon to try to secure it under some other arrangement.

2505. If we are not in a perfect condition, is it sufficient only to recommend the adoption of a suggestion towards some improvement; must not we have something more than that?—Perhaps so. It depends upon what is meant by perfect. If some friends of mine were brought into direct contact with people literally dying, and driven to the madhouse, as I have been brought into contact with them, we should consider that we were so far from being perfect as to demand that attention should be called to them in some direction.

2506. They might even then think the proposed remedy would not bring about the expected result?—Quite so.

2507. And they would cross-examine as to the reasonable efficiency of the proposal?—Exactly. I thoroughly admit that to be vitally necessary, but what I wanted to guard against, and by reply wanted to suggest, was this, that it is not a case of comparative well-being now from which we are proposing to make a departure of doubtful quality, but it is a case of things being so bad that I dare not continue idle concerning proposals for a change.

2508. Are you satisfied, on historic examination, that things are worse than they used to be?—My reply to that depends upon what I am to understand by things.

2509. The condition of society?—The condition of society is better than it formerly was in many ways. The actual condition of a section of society is worse than it formerly was.

2510. And is that section relatively more numerous or less numerous?—Not larger. I do not think it is minimised.

2511. Relatively?—Relatively I do not think it is much smaller. It is practically where it was.

Mr. *Courtney*—continued.

2512. You do not set much store upon the poor law statistics, do you?—No, I do not.

2513. You think that is not a test of the facts of the case?—I do not think it is a test.

2514. What are the facilities you believe would bring about the evolutionary change?—To reply to that adequately I should have to deal with the labour department proposals, which I think should be dealt with later; but I am willing if the chairman suggests to engage in it.

Mr. *Dale.*

It is proposed not to enter into that branch of the subject just now.

Mr. *Mundella.*

2515. You have not put in any printed paper or written paper with reference to the labour department, have you?—No, I have not.

Mr. *Courtney.*

2516. Only one more question. About railways, in Germany the railways chiefly belong to the State?—Many of them do, I believe.

2517. Most of them do?—Yes.

2518. Is travelling as cheap or as expeditious in Germany as it is in England?—It is not quite so expeditious. I believe in some places it is a little cheaper, and in some places it is a little dearer.

2519. But in the way of speed of trains and their frequency, what do you say?—They are very much inferior.

2520. And the getting rid of the capitalist there has not produced the effect hoped for?—I cannot say what effect they hoped for.

2521. Not the effect you have hoped for?—Not the effect hoped for. Different forces are at work there.

The witness withdrew.

Adjourned to to-morrow at 11.45.

SIXTH DAY.

Commission Room, Westminster Hall, Tuesday, 15th November 1892.

PRESENT:

MR. DAVID DALE (IN THE CHAIR).

The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
The Right Hon. LEONARD H. COURTNEY, M.P.
Sir W. T. LEWIS.
Mr. W. ABRAHAM, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. G. LIVESEY.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. TOM MANN, a member of the Commission, further examined.

Mr. *Dale.*

2522. Your memorandum on the State Regulation of the Hours of Labour, having been printed, and circulated among the members of the Commission, must be taken as read (*see Appendix* LXXI.). I feel that, whilst that is, considering its length and character, inevitable, it is somewhat disadvantageous, because it assumes that all the very important views that you embody in this memorandum are as clearly, and fully, and vividly before us as if you had given them verbally from the chair to-day. Now, however careful our perusal may be, we cannot quite attain to the same clear and vivid apprehension of it as if it had been so given. But in the answers that you will give to the many questions that no doubt will be put to you, that disadvantage will be to a large extent redressed. The memorandum, or summary of evidence, which you propose to give includes, I think, one or two points which are not dealt with in the memorandum on which you gave evidence yesterday (*see Appendix* LXVIII.), nor in that on which you are going to give evidence to-day. These points are what you call "special provision for sudden fluctuations," "a labour department," "piece-work," "board of arbitration." I think it would be convenient, therefore, if you would now proceed rather to supplement this memorandum (*see Appendix* LXXI.) by your views on those points that are not distinctly dealt with in the memorandum?—That is, not dealing forthwith with the eight hours' question.*

2523. No, I think we should then get certain supplementary verbal evidence, and would have before us, in the printed memorandum and in that supplementary verbal evidence, the whole of your views, and then proceed to examine upon that?—I think, then, the best way that we would get to work would be for me to state generally, that I favour the regulation of working hours, in order to absorb all those who are termed the unemployed; all those who may

Mr. *Dale*—continued.

fairly be classed as surplus labour, under normal conditions. I believe that provision should be made for them by a regulation of working hours in industries generally, so that there should really be no surplus labour under normal conditions. I think that as machinery develops, as the methods of production prove more effective, we should from time to time meet what would otherwise be a surplus population by continual regulations of working hours. That is, I look forward to a time when not only will the eight hours' day, or 48 hours' week become common, but that after another period we shall go to a lower limit than that.

2524. Always reducing the hours to the extent that may be needful to secure employment for all?—To properly apportion the work over the whole of the working community, and unless we so raise the standard of living by common consent, as to still require to work, say, 48 hours a week, when our capacity to produce has increased two-fold over what it is now, then we should certainly be placed in serious difficulties; and the very methods by which society makes progress would create again a surplus population, which I propose should be met by again regulating working hours over the whole of the industries of the country.

2525. It is, in fact, as I put it to you a moment or two ago, your view, that from time to time the working hours should be re-adjusted, revised, and reduced to the extent that may be necessary to enable every one to find employment?—That is so.

2526. And whilst in your memorandum you have described the various modes in which that result might be brought about, one being a general legislative enactment applying at once to the whole country and to all trades, another being that of local option, and another being that of trade option, and so on; all these do rest upon legislative compulsion?—That is so.

2527. Of course, you will not fail to observe the considerable distinction in principle between a reduction in the working hours by trades

* A Pamphlet by Witness entitled "The Eight Hour Day how to get it by Trade and Local Option" had previously been handed in. It is printed as Appendix LXXII.—G.D.

Mr. *Dale*—continued.

union regulation or resolution, and that of legislative compulsion?—I do not recognise any very serious difference.

2528. Not in principle?—Not in principle.

2529. Would not the resolution of a trade union, that its members should only work a certain prescribed number of hours, leave the individual perfectly free; he might be under considerable disability in attempting to keep hours that were not kept by his fellows, but his personal freedom would not be actually restrained by law?—The conditions under which modern industry is conducted render it necessary that men shall work together in considerable numbers, and we do not find with regard to our large factories and workshops and ship yards, that it is a common thing for some men to be working one length of time. and other men to be working another length of time; down the mines, for instance.

2530. All I desired was to invite from you any expression of view that you may hold upon what would appear to be a most important difference in principle, between the resolution of a trade union that its members should only work a certain number of hours, each individual member of that trade union being left at liberty, if he chose, to leave his Union and do what he could, and the actual imposition by the legislature of a prohibition on any of its citizens working more than a prescribed number of hours?—I have dealt with this point on page 5 of the memorandum submitted, and in effect I have said this, that I recognise that there will be no real change in the method of regulating working hours until the workers themselves desire it. Then I do not look upon it as a serious difference of principle as to whether the machinery that they use to bring about that arrangement shall be the machinery of a trade organisation or the machinery of a municipality or of Parliament.

2531. Of course the only object of an Act of Parliament is to compel the unwilling men to do something or to abstain from doing something?—I should not state that that was the only object, if I had been giving my view. I should have said that I as a trade unionist am of opinion that in my capacity of citizen I have just as full a right to use Parliament for the general betterment of the conditions of the workers of whom I am one, as I have to use the trade union; and when I could use the institution of Parliament to do that constructive work that I sometimes use the trade union for, and could use Parliament more effectively than I could the trade union, then I should favour the use of Parliament, not necessarily in order to enforce men to do something which they might not wish to do, but because it was the more effective instrument to use to bring about changed conditions.

2532. Still the effect of an Act of Parliament would of course be to render it legally incompetent for the persons and classes to whom it applied to work more than the prescribed number of hours defined by that Act, would it not?—It would. It might or might not be punishable.

Mr. *Dale*—continued.

2533. I am not expressing any opinion at all, but I am merely inviting from you some expression of opinion upon the question of the competence of a legislative body to restrain an adult citizen from working more than that number of hours which he was inclined to work?—I will endeavour to put that a little more pithily than I have. I would say, as I endorse fully the advisability and necessity of the workers being connected with their respective trade organisations, that carries with it that I am alive to the importance of giving up my individual desire in order to work on the associated plane for the common interest; and having agreed to do that in intelligent fashion in connexion with a trade union, I find then no difference of principle in doing exactly the same thing through another institution, which may be Parliament. So that I do not recognise that there is any material difference of principle in regulating the working hours by the agency of a trade union, and a parliamentary method.

2534. Of course the resolution of the trade union would be in relation to its members pretty much the same as the resolution of a general meeting of the shareholders of an incorporated company in regard to what should be the policy or action of that company. It would leave each individual free to cease to be a member of the company or of the trade union?—Yes, it would, and so far there is a difference between parliamentary action and trade union action. But I do not look upon that as of very great importance, and having consented to the principle of associated effort, as distinct from isolated effort, then I say I look upon it as being practically on the same plane, whether we use Parliament or whether we use the trade union.

2535. And you have nothing to add to the view you have expressed, that it would be entirely competent for Parliament to restrain the individual freedom of the man who desired to work more than that number of hours which the Act of Parliament seeks to impose?—I have nothing that I think it necessary to add, at the present juncture at any rate.

2536. You desire to say something as to meeting fluctuations?—Yes, I desire to say something concerning those who are affected by fluctuating trades, because to my mind it is those who are so affected who are suffering the greatest evils of our time. In my opinion the great difficulty is not that of surplus population. That could be comparatively easily provided for; but the greatest difficulty is to deal with those who are called upon to engage in some department of industry for a portion of the year, during which portion they will receive just a normal wage, and then for the remaining portion they get no employment and no wages, and therefore are in a state of actual or semi-starvation. Recognising as I do that it is quite possible for the country's productive capacity to increase enormously, and for the well-being

Mr. *Dale*—continued.

of the mass of the people to be materially improved, I am bound to remember that there is a section of the community who are called upon to engage in the fluctuating trades; so that, in spite of material progress in the aggregate, there will be sectional poverty, and it is because of this that, therefore, I want to deal specifically with this question of fluctuating trades, being desirous of emphasising this principle, that as in effect those who engage in these departments of industry do so engage at the behest of society—that is what it amounts to in my opinion—therefore society in its collective capacity is responsible for them during those periods when they cannot obtain employment. Therefore I want to contend this morning, if opportunity is afforded, for that common responsibility on the part of each municipality, or on the part of the State, to see to it, that every honest individual capable of work and desirous of getting work shall be afforded an opportunity to obtain work. I am alive to how far-reaching that is, and how weak in some points the ground is that I am endeavouring to take, but I dare not do anything less, being alive to the importance of the evil as it exists, and also feeling very seriously that the best of reformers, so far as I know them, do not seem to realise the enormity of the evil directly traceable to the fluctuating trades.

2537. Of course you dwelt yesterday upon the manner in which you thought work might be better apportioned through municipal or State employment, but for the moment I thought you were rather going to address yourself to the question of how a limitation, say to eight hours a day, was going to work in season trades, or trades subject to considerable fluctuation?—No. It is where I believe the eight hours will not serve any really good purpose, or rather, to put it in another way, and perhaps a better way, I would say that after we have derived the advantages that I feel sure we should derive by the application of the eight hours' limit, these evils I have just now tried to call attention to would still be left to be provided for by some other method.

2538. And how would the limitation to eight hours work in some of the season trades? Take the many trades with which you are no doubt acquainted in which there are periods of activity and periods of slackness. In the periods of activity there is overtime worked, and in the periods of slackness there is only partial work. One period has to provide, both as regards the consumer and as regards the wage-earner, for the other period. In what manner would a strict limitation to eight hours work in trades of that kind?—A weekly limit, I believe, might be applied, and I think ought to be applied even during the busy period. I do not recognise the necessity for encouraging a system which shall call upon persons to work very excessively for a certain period, because there will be a later time when there will be none. I think we ought to try and overcome the difficulty in a more scientific fashion than that, and one that shall be more conducive to the better development of all those who engage in those departments of industry than those conditions will now admit of.

2539. I rather wanted you to say specifically in what manner you would apply a strict limitation of eight hours per day, or if you choose to put it, 48 hours per week, to those fluctuating trades?—I recognise no necessity for dealing with them differently to those trades that are covered by fairly steady work.

2540. You mean that you would be content that the artisans in a certain trade which has its fluctuations should be prohibited in the future from working their ten or eleven hours a day in the busy times of the year, although they knew that there were coming other months in the year in which only six or seven hours per day, or perhaps less than that, would be afforded?—I think it desirable that we should do so, believing there is a better method of controlling, and believing that we might dove-tail the interests better than we now dove-tail them.

2541. I understand that to mean that you see considerable difficulties simply in applying a strict limitation of the hours of labour without concurrently bringing about some such condition of things as you were describing yesterday?—That is so. If we do bring about a limitation of the hours of labour without some such condition of things as that referred to, then we shall still have very serious evils with us. We shall minimise some of the evils that now exist, but we shall certainly not get rid of some of the worst, as I view it.

2542. Therefore may I take it that, to a not inconsiderable extent, your advocacy of, we will say, a legal limitation of the hours of labour to eight must be deferred, in certain trades at any rate, till there exist certain other social conditions favourable for its application?—I should not find it necessary myself to say it should be deferred, because I think that concurrent action might be taken. The same spirit, the same practice, the same social conditions which would favour the regulation of working hours, on the lines now suggested, would favour also the application of some other method that would meet the difficulty that would still be left.

2543. Would you be prepared to support the introduction of an Act of Parliament at once limiting the hours of labour, not having as yet provided those conditions under which alone it would work favourably, at any rate in certain trades?—I should have to reply to that upon the policy of expediency. I am personally favourable to the most effective action it is possible to put into motion, and I look upon that as being parliamentary action, and I am only limited in my desire to apply that, and my efforts to apply that, by a knowledge of the fact that there are many others who are not prepared to endorse the application; and because of that, I think it would be unwise to attempt to apply it on general grounds when there is not a general demand for it. Therefore, on the lines of expediency, I should say I am not at present prepared

Mr. *Dale*—continued.

to recommend the application of a universal eight hours' day through the agency of Parliament, and for that reason I have confined my recommendation to a trade and local option proposal.

2544. Would you kindly just specifically define the character of the parliamentary provision that you would now be prepared to seek?—Yes. I have endeavoured to make that clear in the memorandum, but perhaps I had better give it independently of the memorandum.

2545. I am asking you rather specifically what, personally taking account of all the influences with which you would have to reckon, you would yourself be prepared to advocate in the way of immediate legislation?—In the way of immediate legislation, taking into account all the influences that we must take into account, I favour this kind of Act of Parliament being applied for—that the local authorities throughout the country shall be empowered by Act of Parliament.

2546. Corporations, county councils?—And town councils.

2547. Those are the two bodies?—They shall be empowered to put the Act into force over any trade conducted in their district when a majority of the adult workers in that trade make application to the local authority for the application of the provisions of the Act, which means that it would not be applied unless asked for, and that, if one district was prepared for it in one trade and another district in the same trade was not prepared for it, and the operatives in the trade in district that desired it were of opinion that it would bring about no evil results by trying it in the one district without it being tried in the other, then it seems to me that that would be sufficient to warrant the application of the Act.

2548. Would the district in that case be a smaller area than the jurisdiction of a county council?—I should say the town council or city council.

2549. What I meant was, did you by district mean some part only of the area governed by a corporation or council, or did you by a district mean the area governed by a corporation or county council?—The unit of area I should think ought never to be less than the whole of a district covered by a town council.

2550. Or a county council?—Or a county council, a county town council, that is to say a city council. I mean the County Council of London, for instance, being the government of London, or the City Council of Birmingham.

2551. Take some of the counties where great mining operations are carried on. Take the county of Durham or Northumberland?—In those cases dealing with the miners I should take the county area.

2552. And the judicial body would be the county council?—Quite so. For the moment I was associating in my mind the town industries I was saying not less than the area covered by the town or county council. But oftentimes it might be more. I should leave that for the trades themselves to decide.

Mr. *Dale*—continued.

2553. Oftentimes it might be more?—It might be more than that covered by any one council, and might necessitate the application of the principle simultaneously in an area covered by three or four or five or six of such councils. That is, provided the engineers, by way of illustration, thought it advisable to apply the eight hours' principle to Leeds, but were of opinion that it would not do to apply it unless it was simultaneously applied in Bradford and half a dozen other competing towns, then the unit of area should be decided by those engaged in the trade, which would include all those towns that competed with them. If it were not applied in the other towns concurrently with the time it was applied by themselves, they would be subjected to what might be termed unfair competition, and handicapped in the general success.

2554. In your scheme the union would be merely probably the body that was moving to obtain from the council, borough, or county, as the case might be a decree?—Yes.

2555. Then if Leeds and Bradford and certain other towns were moved by the operatives employed therein to decree a limitation of eight hours, you would have two or three tribunals. How would they meet together. You appeal to the corporation of Leeds. You appeal concurrently to the corporation of Halifax and concurrently possibly to the corporation of Manchester, Newcastle or Liverpool. Well, those bodies of course may take different views?—Quite so. Then if those engaged in the trade were of opinion that they could not successfully apply it until it was applied concurrently in each of those towns they would have to wait until they could come to a common conclusion.

2556. They would have to wait till the governing bodies of those various places which, in the opinion of the persons moving, must take united and common action, could agree?—They would. But I am not suggesting it should be permissive with the councils. I am saying that when a majority of the adult workers engaged in any industry made an application, it should be the duty forthwith of the council to comply with it.

2557. The province of the council would be merely to take note of the resolution arrived at, to verify its validity, and then to make an order accordingly?—That is so.

2558. Not exercising any discretion in the matter?—No, not exercising discretion. They would simply be responsible for the administration of the provisions of the Act.

2559. Those voting for the adoption of the Act would be what are called the organised workers?—No, not the organised. I would not use that word, the majority of the adult workers engaged in a trade. It would probably fall to the organised to take the initiative, but it would not exclude any one else. Any adult worker would be just as valuable as another

2560. I do not think that it is necessary, for the consideration of your scheme or its practica-

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bility, that you should be assumed to have worked out all the details of the manner in which the voting is to be taken and so on, but generally you do not anticipate any difficulty in providing such a machinery for ascertaining the views of the persons entitled to vote as would afford adequate security for every one entitled to vote having the opportunity of doing so?—I do not think there would be any material difficulty in the adult workers in any trade or district recording their opinion, and that opinion could very easily be verified by the the councils to whom I say the administration of the Act should be entrusted.

2561. Are the employers to have any voice in the matter?—That I do not desire to speak specifically upon. I have no objection to employers being consulted. What I desire to see is employers and workmen generally consulting with each other. Later on I shall hope to have something to propose respecting the desirability of encouraging workmen and employers habitually acting together for the discussion of this industrial problem, my desire and my general practice being, so far as I can exercise any influence at all, to encourage all to look upon this industrial problem in the light of students, equally the worker with the employer, equally the employer with the worker. If we do approach the problem in that light, then I believe we shall very soon minimise existing difficulties.

2562. For the purposes of your scheme, what would you regard as a trade? Take a large engine-building establishment, where there are employed, as you of course well know, blacksmiths and strikers, boiler smiths and fitters, and so on. What, for your purposes, would a trade be?—In the making of an engine there would probably be, from a trade union point of view, a dozen different trades, but, from my point of view, under those conditions one only. All those that were really intertwined, the one with the other ought to be treated, and would be treated by sensible persons, as being so directly connected, that one section ought not to act without the other.

2563. Therefore where trades are mutually dependent upon each other for the progress of work, although each separate trade may have its own trade union, they would have to act unitedly for the purpose of defining the limitation of hours?—That would be very necessary, otherwise it would bring about sectional action which would result in considerable friction.

2564. What do you think would be the immediate result of calling for an actual legal limitation of the hours of labour?—On the lines suggested?

2565. Yes. Your motive would be, as I understand, to draw into employment those who are now unemployed?—That would be one motive, and with me a primary motive. But it is not the only motive. I am associated with those who think that under present conditions many of the workers do not get a fair proportion of the value they produce, and for that reason also I am desirous of seeing working hours

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reduced. That carries, I think, that for less work I want to see higher pay. That might not apply to all trades, but that is one of the general principles that actuate me in my advocacy of the eight hours' day.

2566. More equal distribution of work and a higher rate of pay?—And a more equal distribution of the results of work.

2567. What do you mean by the results of work,—wages?—Yes, and perhaps in a number of instances it would affect profits and interest. More should go to the workers of the total produced by the workers; a larger proportion of it should go to them than now goes, and that could be helped on, I think, by the reduction of working hours.

2568. Will you describe how that would work in your opinion? Take any industry in which, we will say, the working hours are now ten a day, and it is proposed they should become eight a day, trace that out, and explain how you think that would bring about the various benefits that you expect to flow from it. In the first place as to drawing into employment?—As to drawing into employment, perhaps I might again refer to the engineers. It will serve just as well as any other trade, and being connected with them it is perhaps fair I should refer to my own trade. I think that the work now being done, say by 10,000 engineers in a representative district of England, should be done by 11,000, because there are 1,000 in any such representative district out of work now, and I think it is desirable that the work should be better apportioned by a proper regulation of working hours on the lines suggested. That recognises this, that to my mind they would not turn out the same amount, or might not turn out the same amount under an eight hours' system as they do now under a nine and therefore there would be a better distribution of work.

2569. There is at present, we will say, a certain aggregate number of hours worked in a week. There would continue to be, in all probability, the same number of hours worked per week, but they would be divided over a larger number of men?—Yes, but we need not stay there, because it would mean that there would be an increase in purchasing power on the part of those who would become purchasers on a larger scale through being in work than they are now they are not in work.

2570. We have only reached the stage at present that in a given engineering establishment there are now worked 54 hours per week. If you multiply that by the number of men they employ, it will give the aggregate number of hours worked per week?—Yes.

2571. We will assume for the moment that the same number of hours is going to be worked, but it is going to be worked by a larger number of men, each man working eight hours instead of nine. The same amount of wages, it is to be assumed, will be disbursed. The same purchasing power, therefore, will be represented in the wages bill, would it not?—Scarcely that. That would not remain so long, because when I come to deal with the next proposal, I should

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say that it would not be the case. What I should expect to happen in the trade referred to would be this, that at the commencement of the eight hours system, as distinct from the nine, there would not be quite as much work turned out per day as there is now.

2572. Per man per day?—Per man per day. Therefore if the purchasing power under the nine hours system was kept up under the eight hours system, if they receive the same wage for eight hours that they now receive for nine, it would mean that there would be less profit going to the employer, and the worker would gain at the expense of the employer so long as the output for eight hours was less than the output for nine hours.

2573. What you really apprehend would be that each man would probably produce one ninth less work?—Not quite that.

2574. Very well, a certain per-centage less work?—A per-centage less, and taking the same wage the balance would come from the pockets of the employer. But what I should expect to happen also, judging from what has happened, and what appears to me to be reasonable would happen again, would be that in a very short time, through increased vigilance and through superior methods of production—and we have not reached the limit in that respect—the output per day under the eight hours system would be quite equal to the present output under the nine hours system.

2575. Do you mean improved machinery?—Improved machinery.

Mr. *Livesey*.

2576. Per day and per man, you mean?—Yes. Then it would be no expense to the employer. The workman then would not be gaining an advantage at the expense of the employer.

Mr. *Dale*.

2577. Unless the volume of trade had increased, he would simply dispense with a certain body of men?—That is so, and that brings about again the repetition of the old condition of affairs. We should have the unemployed surplus population again.

2578. What have you gained then?—We have gained this, that we have improved the methods of production, we have stimulated production, increased our capacity to produce, and if we are wise enough to concurrently increase our capacity to consume we shall then be prepared for another reduction; or, and perhaps this would be better, to raise the general standard of living—consume the full value that we could produce.

2579. What is this increased consuming power derived from? You mean it is derived from the receipt by the workers of more wages?—Yes.

2580. But of course the diminution of profits diminishes the consuming power of those who have yielded up those profits?—But I have traced it through to the stage when there would

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be no diminution of profits. Temporarily I admit there might be, but I have said that there would very soon be better methods of production applied, resulting in at least as great an output per day per man under the eight hours as was formerly the case under the nine. Then the workers would not be gaining anything at the expense of the employer. It would simply be that the old standard of living for the employer and the worker was maintained under the eight hours that was formerly maintained under the nine.

2581. But where is the demand to come from for this increased production? Either the production remains stationary, in which case of course, stimulated as you say by having to pay higher wages, improved machinery is introduced, labour-saving machinery is introduced, and a fewer number of men are employed?—If the consuming capacity remains stationary then the demand would fall off, and then there would be a repetition of unemployed surplus population; but if the consuming capacity did not remain stationary, if general progress was made, and if the standard of living was raised even on the same lines that it has been raised of late and is now being raised, then the increased demand for commodities would still provide the work for a larger number of persons.

2582. You have such faith in that development that you would run such risks as may attend the experiment you advocate?—I should. I believe that when a demand is made for reduced working hours in a general way, it is because the workers themselves are desirous of consuming more, and I see no danger in that, but great good, provided they always consume wisely.

2583. Turning to the memorandum, you say in paragraph 1, I think "some 10 per cent. of "the male workers are subject to casual inter-"mittent employment, or are out of work alto-"gether," and so on. On what do you base these statistics?—From trade union statistics, and from general observation in connexion with those workers who are not organised in unions.

2584. General observation would hardly give you specific figures?—I have been identified with those who have taken special pains to investigate, independently of trade unions, because they have not and cannot have the machinery unless men are organised.

2585. When you speak of the 10 per cent. of male workers, you are referring to the United Kingdom, including Ireland?—Yes, the United Kingdom, 40,000,000 of people.

2586. You think you have statistics sufficiently reliable to justify this statement?—Yes, I believe that that paragraph you are quoting from now is strictly correct, or so near being correct that it would not affect one's argument.

2587. Then in the next sentence you say the hours of labour are as follows:—Great Britain, America, France, Belgium, Germany, giving the figures. On what industries are the figures given based?—I am lumping industries generally there, because as I speak of a country under one figure one is compelled to strike an average, and I have taken great pains to try and

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get a correct average from all available information.

2588. Take a very important class, the agricultural labourers, in what manner do you get figures giving the hours of agricultural labourers?—Only by communicating or knowing personally the exact conditions that obtain, say for England in half a dozen representative counties scattered over the country, because the working hours vary two a day in England in connexion with these labourers, and I have personally investigated these matters, as well as having been in communication with representative men who can supply me with reliable information.

2589. Going back a little to the points we were labouring a few minutes ago, about the reduction of hours in the engineering trade, and the drawing in of more men and so on, it is quite clear that in many branches of that trade, for instance, men attending machines, cannot produce as much in eight hours as in nine?—While the speed of the machinery and the capacity of the machinery remain the same, they cannot.

2590. Would not there also be considerable difficulty in introducing into many establishments an increased number of men, for instance, as regards shop-room?—Oh, yes, there would.

2591. That would, of course, be a further strain upon the resources of that particular trade?—Yes, it would. The employer would find it necessary either to give up a portion of his trade, perhaps, or to increase his capacity.

2592. The trade would be burdened by further capital expenditure no doubt?—Yes, it would be right and wise that that should be so, I think, although I know of no trade where the entire capacity is made use of. In the engineering trade in London just now in some departments some shops are working overtime regularly, and in other shops, with equally good managers and good workmen, only a portion of the shop and a portion of the machinery is being used. I think, so far as I know of it, that every one of the staple trades have the requisite capacity now in the shape of shop room and machinery. If they had not, I do not think it would matter much. The difficulty would be overcome.

2593. You say it would be right and proper it should be so. I understood you to mean that you think labour is not getting its fair share, and that this would be a mode in which it would be more equitably treated, but of course it is a question of whether the trade would bear it?—Oh, yes, that is a question to be considered, I quite admit; I have considered it, and I do not regard it as a serious question.

2594. That, of course, naturally suggests the question of whether you would venture upon this course that you are describing independently of any similar course being taken by competitive countries?—It does necessitate consideration upon that point also. But I have come to the conclusion that, speaking for the staple trades of this country, we may well afford to ignore what our competitors are doing, and although as a matter of general development it is necessary

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that we should be on the alert as to exactly what is going on amongst our competitors, yet with regard to the effect it would have in handicapping us, I am satisfied we may afford to ignore what is being done, on the Continent especially, and I would say even so with regard to America.

2595. Take the cotton trade in Lancashire. It has an important competitor in India. Would you take all the risks attendant upon burdening the Lancashire cotton trade?—I would speak with very great caution there. But I have tried to understand the textile trade of Lancashire. I have tried to understand where the real competition comes in, and I cover that by the same general expression that I have just given, that I think the Lancashire men may safely reduce the working hours and will lose little or nothing from competition.

2596. That rather represents hopefulness than certainty?—That is so, and in all these cases it seems to me, we must work in that direction. We cannot guarantee success. We can only go speculatively, having as much information at our disposal as possible to warrant the action taken.

2597. There are several points connected with the paragraph beginning at the top of page 3 which require to be probed, but I feel that there are other members of the Commission better able than myself to deal with some of the views embodied in that. As regards the third main reason, the second paragraph of page 3: "The third main reason that weighs with the "workers, resulting in a demand for shorter "working hours, is due to a love of culture "which is now extending to the meanest "labourer, causing him to insist upon living a "fuller and more complete life than has previ-"ously been possible, and it is this desire for a "higher and better life that gives the stimulus "to most of our modern-day discontent." One would be glad to know whether your large experience in connexion with the working classes seems to justify the hopefulness that you have that the leisure would be used in that manner?—I have had, perhaps, unusual opportunities for getting into direct contact with skilled and unskilled workers, and organised and unorganised, throughout every part of the United Kingdom, or certainly throughout Great Britain, and on the strength of much experience and very careful observation, I wrote that paragraph very deliberately a year ago, and I believe every word of it now to be absolutely true. I am very hopeful indeed for the development of the worker of this country. It is the one ground that gives me hope for the future, because the average labourer, as stated here, is desirous of developing in himself those qualities that will make him a more valuable man. I know that many exceptions can be quoted to that, but the proportion of men who are exhibiting the qualities on the right side is continually on the increase according to my capacity to judge.

2598. You think what may be called the masses are prepared to use, healthfully and well,

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increased leisure?—Some sections would first use the leisure unwisely; of that I feel sure. But those sections are comparatively few and unimportant. It happens to be those sections that are not making the demand for the eight hours. That is an additional reason why I specially value the trade and local option plan, that is to say, before it is applied it shall be asked for, because where it is asked for it is asked for as a result of intelligence, and it is not seriously asked for, I think, except as the result of intelligence. Then that indicates to me that they are also developing in that direction, which will enable them to use wisely the additional leisure and other advantages that would accrue.

2599. You say at the bottom of page 3, "I "find a number of limited liability companies "paying interest as high as 25 per cent., and in "some instances as high as 40 per cent." Do you know at all what is regarded as the average return upon the capital embarked in various leading industries?—Oh, I do not think the average would run to more than 5½ per cent. or 6, and I do not value that point very much. After I had written it, I wondered whether I was wise in doing so. But it is literally true, and if pressed, although I would rather not be pressed, I might give instances to justify those figures.

2600. I have no doubt you can do that; but of course when you are dealing with the leading trades of a country, it is rather the average return on the capital embarked in those trades that must be looked at, so far as that enters into any question of burdening trades?—I quite agree. I did not intend, of course, to mislead in any shape or form by the putting of this particular statement. I think the context will show the particular way in which it is used.

2601. You say on page 5, under the head "Local Option," the second paragraph, "The "question of overtime, it is urged by supporters "of the last-mentioned method, should be dealt "with vigorously, and made a punishable offence "both for employer and worker, except in cases "of emergency, when exemption should be "made by a local council composed of employers "and workers." That, of course, brings one naturally to this point. You have told us very clearly that what you would advocate, taking account of all influences with which you have to reckon, is an Act of Parliament which should empower trades in districts (using that term to represent the area of control, whether of a municipality or of a county council) to resolve that no more than eight hours should be worked in that particular trade in that particular district, and that upon adequate proof of such a resolution having been passed, with all the safeguards which you would provide for taking a ballot upon the subject, the limitation should then become a legal limitation. Now, how would that work? Would you enforce penalties against the member of that trade who, after such a decree as I have called it, worked more than eight hours, or against the employer who permitted or encouraged such working?—Except in those cases where an exemption was made by the proposed local council consisting of employers and workers, I think it would be desirable to punish if overtime was worked.

2602. I thought we had reached rather a stage by which, by the process you described, the corporation or the county council had issued an order?—I am suggesting that under local option, exemption should be made in such instances as was thought desirable and necessary by the council composed of workers and employers in the trade and district, such as breakdowns; these might be met oftentimes by overtime, not always as they generally are, but still very frequently.

2603. You mean that there would be certain grounds upon which departures from that strict limitation would not be offences under the Act?—That is so.

2604. But assuming that none of these grounds could be pleaded, what would be the course of law as regards any employer encouraging or permitting his men to work more than the permitted number of hours?—Exactly the kind of punishment I am not prepared to specify.

2605. I do not mean to imply that you should work out all the details, but what would be the principle?—In principle I should think it should be treated as a punishable offence.

2606. In some form or another?—Yes, and this I think would settle itself into a fine or perhaps imprisonment. I am favourable to the most rigid measures being taken to prevent what is termed the eight hours becoming eight hours and overtime.

2607. Then what is to be permitted to a man in regard to other work at the close of the day?—That I think we ought to deal with, but at the same time I am quite sure that the chairman will agree that it is not desirable that we should get to this point whether a man might work in his own garden. A man from my own point of view might work in his own garden or in 50 gardens; or he could cultivate an allotment if he had a chance. All that I think would be desirable, but he should not work in connexion with his trade for more than a reasonable day. I should not like it, however, to be supposed that I do not want to see men at work more than eight hours. I usually work 14 or 15, and if the eight hours' system prevailed now, and I was working under the eight hours' system in connexion with my employment, I should probably then put in an additional four or five hours cultivating myself, or developing something that would be serviceable. I want to see the means of a livelihood obtained in eight hours, and after that work certainly, because it will be work if one studies. So that I should put a very generous view upon what a man might do outside of his factory or workshop or mill or mine.

2608. Then of course recognising as you would do that after all time is not the only element, or, I was going to say, the chief measure of the strain put upon a man, but that it depends upon the character of the work that he is engaged in;

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you would rely upon the local option system to make a distinction between those trades where the strain was great, and those trades where the strain was not great. Am I right in that?—If that question means would I allow nine hours in some trades and 8½ hours in others, I have not thought it necessary to say that. I think that 48 should be the maximum for the week. I believe there are trades where six hours a day is quite sufficient.

2609. The time of a porter at a roadside station is employed under much less strain than the time of a signalman in an important box?—That is certainly so. I should treat the maximum as being quite high enough at 48 hours a week, and I should meet the requirements of the man who was called upon to undergo a certain strain by a less number of hours.

2610. Your view being that an eight hours' day is enough even for a man whose system is not subjected to much strain, either physical or mental?—Yes, that is so. I am alive to the very great differences, but I say the differences should be less, met by a less number. For instance, if a man is working a signal-box, under the very heavy conditions that are imposed, eight hours are sufficient from my own point of view; and I think for chemical workers under certain conditions six hours would be too much, and with regard to iron workers six hours is ample in my opinion in many departments, and the same I would say with regard to miners.

2611. Only by way of excess of caution in getting clearly before us your views, and not that I have any doubt, I would ask you this. Of course overtime would be absolutely prohibited except under the special conditions agreed upon in the manner you prescribe on emergencies?—That is so.

2612. A limitation to eight hours does not mean merely that eight hours should be the measure of an ordinary day's pay, and then as much overtime may be worked as is pleased?—No, it does not mean that. That is what I want to guard against, and the reason why I say that overtime should be treated as a punishable offence.

2613. I think there remain one or two points which you would wish to speak upon; for instance, you have a note here about boards of arbitration and another as to the present unemployed in the country and in London, and what work the latter might be put to?—Yes. With regard to the unemployed as they now exist, I am alive to this fact, that a considerable proportion of them are in receipt of something from their trade union or some organisation that they are identified with, or are under sufficiently comfortable conditions as not to want any special provision made for them in the shape of endeavouring to create public works, or, so to speak, to create work. Therefore, whilst I believe that there is something like 10 per cent. of the total adult population now out of work, there would be at least 50 per cent. of those who

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would not want any such work as could be provided under present conditions by the public authorities. But I want to take up this position irrespective of whether I can sustain it or not, that I know of no reason why I should be content or should encourage any one else to be content with an industrial system that does not afford an outlet for a man's energies, and therefore I think that the unemployed are quite warranted, and I encourage them to take that view, in saying, "We are here as men who "desire to work; we have got our families to "look after; we are responsible as citizens, and "the means of livelihood are taken from us." I say we are no longer warranted in taking the view that these things will right themselves; they do not right themselves, and I look upon it as the community's duty to meet that difficulty. But I should try and meet it of course in the easiest way, in the most natural way, meaning that way which would fit the best with my views as to what constitutes sound economics and sound ethics. Therefore, looking forward to the development of the economic and industrial forces, as I remarked yesterday, the tendency is for large industries to supersede smaller ones, and large concerns to take the place of small ones. Now I look upon that as desirable, and I look upon it as vitally essential that the relationship of the employers and employed shall be, as I have said before this morning, that of students, that they shall each learn to view this industrial problem as students should view it. My view is, that if anything approaching that spirit should come over them we could then, I believe, meet some of the fluctuations that now take place from time to time, and, in some trades, take place every year at certain periods; we could meet them by dovetailing all interests, and by distributing the work over a much larger number of persons than is now possible under individual and sectional control. Recognising that we cannot make any quick change from private control to public control, even if desirable (and, of course, I am holding that it is desirable), even now we ought to try and take such steps as will enable us by taking any responsibility to make provision for those persons who, under present conditions, are ruthlessly thrown out of employment. I want to face all that it may lead me to. No matter what I may have to pledge myself to, I shall go the whole hog in facing this, that every citizen has a right to say, "I want work; I do "not want to live on charity; I do not want to "go to the workhouse; I do not want to take "anything from other people; I do not want "to find myself lodged in gaol; but I do want "a fair outlet for my energies." I personally want that riveted upon the minds of the community; and therefore whatever we may have to say about this the difficulty is so great, the way people are literally dying, to my certain knowledge (it is under my own notice), and going now to asylums is so frightful that I do hope this will receive some little attention. In regard to the present day distress, that could be

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met, I think, in London at any rate, simply by undertaking to clean and repair the streets and roads of London, and following that up by carrying out properly the Public Health Act. The Public Health Act stipulates that sewer gas should be properly controlled and carried away so that it shall not be a nuisance. From such attention as I have given to the subject, I am of opinion that in consequence of the everyday nuisance caused by sewer gas in the metropolitan area that the death-rate is about four per thousand higher than it need be or than it would be if the knowledge now possessed was actually applied in the metropolitan districts. Therefore, I look upon that as the first step to be taken, to clean and repair the streets and thoroughfares generally, and to properly carry out the Public Health Act. If that were done, I believe it would meet the case of 20,000 or 25,000 persons who really desire work at the present time in the metropolis and cannot get it, although, I fear there are at least 80,000 adults out of work. But I look forward to the time when the streets will be kept clean as a matter of course, and in proper repair as a matter of course at all times of the year, and when the dangerous escape of sewer gas will be prevented, and then the question will come, what shall we do with them then when these fluctuations meet us. Now I do not know how to meet that short of the Government itself undertaking the responsibility of collecting the requisite information respecting these fluctuations as to when they are likely to take place, and as to why they are likely to take place and to what extent they are likely to take place, as to how people in other countries get over these difficulties (if they do get over them), and to give careful consideration to every practical proposal that might be made to enable us in this country to get over them with less evil than we now do. Therefore, I am distinctly favourable and look upon it as very necessary that there should be established a Labour Department. I want to see the Labour Department strengthened, increased, extended until it shall not merely furnish information it receives under present conditions, but where the staff shall be competent enough to obtain information that they never think of obtaining now. I mean obtaining information to enable us to ward off difficulties, to guard against those industrial fluctuations, and to pave the way for mitigating the evils that arise from them. I think that a Labour Department ought to be charged with the responsibility of obtaining information sufficiently early and disseminating it in sufficiently broadcast fashion, together with practical suggestions as to how the difficulties might to some extent at any rate be got over. Concurrently with that there ought to be, and I should think there will be, for if the one comes about the other will soon follow, that in every important industrial centre there shall also be a group of persons entrusted with the responsibility of collecting the details concerning their own districts, to be kept in touch, of course, with the central office, and that the whole information so gathered shall be utilised to the best advantage with the view to mitigating these evils, that being done concurrently with special effort made by the better section of employers and the better section of workers to try and approach the industrial problem on the lines I have previously suggested. I think in those directions we should be able to minimise most of the evils that we are now subjected to. If it were necessary to go further, if that did not meet the case, then I should be prepared to try and go further than that, until we should make it possible in this country to say to a man, not only what the law says now, which is—"Do not die, but go to the workhouse"; but we should try to make this possible, "You need not die or be workless or foodless, there is the workshop." I know that involves a very important step, and one that may never be taken, but I feel bound to commit myself to it, holding that we are bound in honour to make it possible for every industrious man who wants work, to have an opportunity of finding work.

2614. What is the important step from which you would not shrink in order to produce these results?—I said that they should provide the workshop.

2615. The municipal workshop?—I do not know what other term to use. There is a risk in using that term, because people get on the wrong track immediately. I am not concerned about any name, but I am about the principle. The one thing I am concerned about is this; that men now cannot find an outlet for their energies, and they and their families are dying of starvation, and it is no use calling that high falutin' language. They are literally dying, and I know one instance where the wife of a man having only two children, a careful-living fellow, who never complained, but worked honestly and well whenever he got the chance, and was always on the look-out for work, whose wife quite recently became deranged because of the hard conditions prevailing, and she was taken to the Mile End Infirmary, and was there a fortnight, but now she is removed to the Banstead Lunatic Asylum. I mention that only as a typical case, but there are thousands of cases nearly as bad, and that evil is so great and serious that it demands our attention, no matter what difficulties we may have to meet.

2616. Is there any other point you would like to dwell upon?—I do not think at the present moment there is, until I am drawn out by questions.

Mr. *Tunstill.*

2617. I shall rather in the questions I ask regard your scheme as one of simple betterment of the condition of the working classes?—Quite so.

2618. A betterment to be brought about by the proposals you have made as to municipal and

Mr. *Tunstill*—continued.

State regulations of the hours of labour, and so on?—Yes.

2619. Has it occurred to you that after all whatever scheme you adopt the advantage to be obtained will be dependent upon the profit to be made?—In a sense, yes; and in a sense, no. I do not see how I can answer that completely until you have put it in various ways.

2620. Then I will put it in another way. Is it your opinion that industries shall be established and work carried on whether it pays or not, for the benefit of employing people who are out of work?—Is it the out-of-work problem that you direct these questions to?

2621. Both. You have largely dwelt upon the large number of people who cannot get work on any terms?—Yes, I have often. I face the responsibility of saying that, pay or no pay, the right to life and the right to work must be recognised to sustain life.

2622. Then are you quite of opinion that State and municipal employment can be given with better results as to profits than is now obtained under individual capitalists?—By what I said yesterday it would be gathered that I was favourable to industry being conducted ultimately not for profit. Yet I am aware that at the present time (and perhaps I ought to reply to your question as dealing with the present day) it is a fact that the industries of the nation are run for profit, and are likely to be run for profit for a considerable time, and therefore practical proposals for the betterment of the condition of the people must bear that in mind, and I reply to your question on those lines recognising that.

2623. Do you expect the employment you are seeking to bring about in that way can be continued for any length of time? If it does not, have you contemplated in your scheme the possibility of national bankruptcy?—I am of opinion that if the capitalists, or those who are responsible for organising and conducting the trade and commerce of this country, prove equal to the occasion, of conducting it in the interests of the entire community, then the changes will be slow; but if no improvement is made upon present plans and their means of existing by the large proportion of the workless and foodless, &c., then we must face the fact that changes have to be made and changes will be made, but I cannot conceive the possibility of national bankruptcy ensuing.

2624. Are you aware that the return for interest to the capitalists in all industries in this country has of late years been largely reduced, and some of our largest operations have come to very little profit? If this is so, how can the State or the municipality find capital at a cheaper rate, and so find labour with a better return?—I believe it is true that the rate of profit and the rate of interest is lower than it was formerly, but I am not yet aware that capitalists, as a class, take a less proportion of the total value produced than they formerly did. If it is not taken in the one form it appears to me that it is taken in another form, so that it reaches them somehow, and I am prepared to say this that I am willing to face all the conditions of conducting the trade of the country on collectivist lines as distinct from individualistic lines, and if the capitalists, who are responsible to-day, should demonstrate to the world that they are incapable of making a profit, then that would simply hasten the time when we shall run it on collectivist lines against individualist lines.

2625. Yes, but do not you see that you object to the men being offered the workhouse, or offered a reasonable sum of money per week, because that is charity?—I do.

2626. I sympathise with you in that respect, but your alternative, if these industries are to be worked at a loss, will come from the ratepayers in another form notwithstanding?—Now I must meet your point on another basis not contradictory to anything I have said, and that is this. I recognise that wealth is created by the expenditure of human, mental, and physical energy, and I recognise that if we have a considerable proportion of the community not expending that energy in the production of wealth or facilitating the production of it, that thereby the country collectively suffers, and I cannot look upon it as a wise system that there should be some 10 per cent. of the workers cut off from the opportunity of creating that very wealth that they require to consume, and therefore, instead of tending towards bankruptcy by enabling them to get to work and create value by the proper expenditure of their energy, it would secure us from bankruptcy, and to my mind that is the only safeguard to guarantee us from running into bankruptcy.

2627. You spoke to the chairman just now about the textile industries, and expressed your opinion that, although in the district of Oldham, which is largely on the co-operative principle and whose returns are regularly published quarterly, it is found that for an average of 15 years not more than 2½ per cent. has been paid for capital, and that in many cases some amount which would be considered reasonable for depreciation has not been taken and applied, yet, notwithstanding that result, you are prepared to say that this principle will bear to be introduced in regard to the hours of labour by reducing them from 56½ to 48 per week?—Yes, I do say so, although I feel bound to enter a mild protest against the statement made, that co-operation prevails largely in Oldham, if you mean thereby that mills are conducted on co-operative principles, do I understand you correctly in that?

2628. No, what I do mean is that they started in the hope and expectation that workers would become largely owners of shares?—Quite so.

2629. They are still on the limited liability principle, but the money is found not altogether in Oldham but in many towns in England, and curiously enough, I think I am right in saying it, the operatives themselves prefer to lend their money at call at a very low rate of interest to running the risk of taking the profits whatever they may be?—That is so.

Mr. *Tunstill*—continued.

2630. And under those circumstances it seems extraordinary to me that knowing this you are still prepared to force upon this large industry an Eight Hours Bill under such circumstances?—I have not said that I am prepared to force it upon any industry, but I wish to deal with that which is to my mind more weighty. The co-operative principle is not applied with regard to production in Oldham, they are competitors with each other, and they are competitors with every county and country. It is the competitive system which prevails in Oldham, although I admit that there is a nearer approach to democratic control in Oldham than perhaps in any other town.

2631. Do you fully take into account our present means of communication with the countries outside Britain when you say that, and do you say we might safely legislate for this country in a way likely to be permanent and useful, without considering the world at large?—No; I think we ought to consider the world at large. But I have previously said that, after considering it to the best of my ability, I believe we are warranted in reducing the working hours in all the staple trades of the country.

2632. Now, Mr. Mann, do you believe the race will be to the swift and the battle to the strong in the whole question of the industry of the world?—I do; and it is because I do, that therefore I endorse what I have endorsed.

2633. Would you have a scheme, the objects of which shall embrace the employers and employed, their leaders, and the leaders of thought in this country, which shall insist on the best work being done at the least possible cost, and that economy and efficiency shall be our watchwords, and that in the race of the world's industry, we will by this means unite to get as large a part of the world's work as possible in this country; that attention shall be turned to improving our means and the adoption, if possible, of other new industries, and so find a more excellent and abiding way out of our difficulties?—To reply to that, I should say that to nine tenths I give my fullest endorsement; but, if you will pardon me for saying so, I recognise in that what I should call a fallacy. I do not think it desirable that England should try to continue to be the workshop of the world. I am, therefore, not desirous of seeing England getting the largest proportion of the world's trade. I am quite prepared to say good luck to the Frenchman and the German and the American, and to every other countryman; and I hope to see each of those countries producing that which they themselves require for their own sustenance and development or its equivalent, and our country doing the same, and not more than that.

2634. Do not you see a gradual betterment going on to the working classes, in the fact that the interest return of capital has of late years largely diminished, and that that is still going on, and that in some large industries it will some day reach the vanishing point. Following up that idea, do not you see that the fact that capital can be obtained cheaply in this country, will bring about gradually of itself what you seek and desire?—I am very sure it will not bring that which I seek, and, therefore, I protest against it. I admit equally that many advantages have been derived by the rushing system that has prevailed, but I say that it does not secure the general well-being, and, therefore, it ought to be improved upon.

2635. Now, knowing the difficulties of the industries of this country, do you still believe that they can be carried on and could stand the strain of more money being paid out for less work?—I do; but permit me to supplement that by saying that I look to our capacity to produce being increased enormously, and I believe that the very means of reducing the working hours and thereby raising our capacity to produce which, I think, would follow upon it, will in itself enable us, even if it was desirable (which I do not admit) to become more effective competitors with other countries than we now are.

2636. Who is going to buy this produce, the cost of which is to be enhanced in the way you have suggested, if it is impossible now to keep our machinery running without that increased cost?—The time has come when, I believe, the capitalists of this country, or those who are responsible in this country, not the capitalists only, will learn the advisability and the necessity of seeking for markets at home. There is an abundance of room here for development far better than by going to Africa or elsewhere; and when that is properly realised and industry stimulated, there will be an abundance of work for this country.

2637. If you say that the worker does not get his fair share of the profit, who gets it then?—In some cases the capitalist gets it, and in other cases the employer, as distinct from the capitalist, gets it, and in other cases the landlord gets it.

2638. The landlord and the capitalist are one in the industries of this country, are they not?—Not always.

2639. Do not you suppose that there is capital enough in this country and a willingness to employ it, if a reasonable return could be secured?—I am quite prepared to say yes to that, but those who possess the capital have no opportunity of applying it excepting under very narrow conditions indeed, which narrow conditions are not compatible with the general well-being, and therein is exhibited the failure of the present system to meet general requirements.

Mr. *Livesey.*

2640. In this very interesting paper which you have prepared with very great labour and care, there are a number of statements, and I do not know how far they express your views. For instance, towards the bottom of page 3 you speak on the matter of capital thus: "It begins with "those who make a vague demand for some-"thing more,"—that is the workers are wanting a larger share—"and goes on till we reach those "who contend that it is morally and economi-

Mr. *Livesey*—continued.

"cally wrong for any section of the community "to live upon rent or interest." I should be glad if you would say whether that is your view ultimately?—Ultimately, yes.

2641. That it is morally wrong?—That it will become so.

2642. "Morally and economically wrong for "any section of the community to live upon "rent or interest?"—It will become so, in my opinion.

2643. Would not that have the effect of extinguishing capital altogether?—Not by any means.

2644. What would be the inducement for any man to save?—There would not be much inducement for the individual to save, but there would be a considerable inducement to the community in its corporate capacity to save everything that was requisite to guard against emergency and for experimental purposes.

2645. Why should the community in its corporate capacity save? Would they live upon interest?—They would be living upon the direct effort of labour, mental just as much as manual.

2646. But would not they take a certain proportion of the profit just as the capitalist does now. They would pay a certain amount of wages, and then, if they are to accumulate capital, they must reserve a certain amount of their profit resulting from the work they undertake, and would not that be just the same as the individualist is doing now—it would create capital at any rate?—Yes; but it would not be doing the same as the individual does it to-day. It would mean that the community making itself responsible for the conduct of trade taking the responsibility, taking all risk and advantage, the worker, whether mental or manual, receiving the full value of that which he created, less that which was requisite to provide the common fund, that would undoubtedly be requisite.

2647. Then you admit that capital is necessary?—Certainly, very.

2648. You admit that the work of the world could not go on without it?—I do not think it could; not so well as with it, anyhow.

2649. Your scheme which you propounded yesterday would require a very large amount of capital to be expended, and unproductively so for some years before any profit could be obtained?—Yes; but all the constructive works would have to be done at the expense of what had been previously saved.

2650. So that the community is to put by the capital instead of the individual?—Yes; that is the ultimate notion that I endorse.

2651. Now, you speak here on page 2 about "the main causes that give rise to the demand "for reduced working hours." First of all, I think you have given the Commission to understand that ultimately you are in favour of Parliamentary restriction?—Yes.

2652. The absolute restriction by Parliament to eight hours is not applicable just yet, is it?—Not over the whole country, because the whole country has not demanded it; or the majority have not demanded it.

Mr. *Livesey*—continued.

2653. Then, I see the three main causes are: "First. The primary cause given by short "hour advocates in this and other countries is "in order to absorb the unemployed." Are we to understand that that is your reason as well as theirs?—That is mine. I put them in that order to fit with my views.

2654. That is your first and chief reason?—First and chief.

2655. I have put this question to several other witnesses, and I have asked, supposing the adoption of the eight hours' system should not result in absorbing the unemployed, what would you do then, would you again reduce them?—Yes.

2656. As Mr. McCarthy said to six or to four or to the limit that was necessary for it?—I would not make myself responsible for anybody else's statements; but I face this, that if our productive capacity were to improve, so that after regulating the working hours to a maximum of 48, if there was still a surplus population, I should again absorb them by further reductions.

2657. Now, have you considered one effect of that. I may take an instance, probably, which would be a fair instance, the business with which I am connected. As you know very well, all over the country three years ago, the Gas Workers' Union very successfully promoted a movement for eight hours amongst gas stokers?—Yes.

2658. Do you know that since then there has been such a development in machinery for doing stokers' work as there never was before?—I believe that is so, and I am very pleased to hear it.

2659. That machinery was first introduced, or first proposed, or the first patent was obtained by Best and Holden in 1860, and the matter has been dragging on for 30 years doing little or nothing, but since 1889 the gas undertakings throughout the country cannot get it made quick enough?—I am glad to hear it.

2660. Then the effect is that whereas by the alteration from two shifts to three the men who previously were on duty eleven hours, only worked about five and a half hours, the men now working eight hours do more work per hour, but the effect of it is that there is an increase of about one sixth to the number of men, and that the sixth has been in many cases, and will be in a great many more, very largely reduced; so that now, with the introduction of machinery, considerably fewer men would be employed, and, in some cases, are employed, than there were when they were working on the longer hours?—I may mention to you as indicating my state of mind, I would say that if I should see that by the application of the eight hours' principle, the chief result would be the stimulating of invention, then for that reason alone I would go for it.

2661. But that would not give work to the unemployed?—No, but it would enable us to get greater results with less effort, and I would look upon it as highly desirable that men should

Mr. *Livesey*—continued.

control natural forces, and make them subservient to their uses, so that if the time could ultimately be arrived at when with 20 hours' work a week we should be able to provide for our requirements, I would say, good luck to it, and I want to hasten it.

2662. Another reason was that reduced hours of labour are also demanded by some workers mainly, because they have a conviction at present that they are not getting a due share of the wealth created by their labour, that you say, and then you say a little further on: "We "believe that to take away competition for "employment is the best means of enabling the "workers to effectually demand higher wages." Then a few lines further on you say: "It is "desired to absorb the unemployed as a tactical "business arrangement, in order to make it "possible to obtain higher wages." Then in the last paragraph you say: "By reducing the "normal working hours employment is given "to a larger number of persons, and the inten-"sity of the competition is reduced, admitting "of the workers making effectual demands for "higher rates of pay." That, I suppose, expresses your view?—Yes.

2663. You think that the worker does not get his fair share, and that by the adoption of the eight hours' system, if it absorbed the unemployed they would then be in a position to get higher wages?—Yes.

2664. But if it did not absorb the unemployed they would not be in that position?—No, they would not have gained that advantage.

2665. Now, about overtime. I think employers are just as much opposed to overtime as the workers are; the men are doing work when they are not quite up to it, when they are exhausted, and the employers have to pay more for it. But take a case of this sort, supposing in a certain works there are 1,000 workers that could have work provided for them, and in busy times they want an extra 100, and in slack times there is only work for 900, how would the hard-and-fast rule apply there?—I have not advocated a hard-and-fast rule, but on the contrary, I admitted that there would be emergency cases, and in those emergency cases the question should be decided by the employers and the workers.

2666. But would not, in a case of that sort, a little overtime tend to equalise and steady the employment?—In some instances, yes; and if all were absorbed that would be the only way to meet it; that is, if there were no men out of work.

2667. So that in busy times they would have to make a little overtime, and in slack times they would work shorter hours?—I look upon that as the only solution.

Mr. *Mundella.*

2668. Would you consider a slack time one in which there were few orders, and a busy time one in which there was a pressure of work?—Yes; in normal conditions I want to see the men absorbed. If by adopting the eight hours' movement there is more work, then I want to see it distributed over the whole country, and no one discharged if there is less work. If there is an increased demand I do not want to see a few kept on at overtime work by making days and a half, but I would distribute it over everybody, if possible.

Mr. *Mundella*—continued.

Mr. *Livesey.*

2669. If there were no overtime allowed and 10 per cent. more men wanted, you would have to bring 10 per cent. more men into the trade if they could be got?—Yes.

2670. Then if the slack time came you would, perhaps, have 200 men unemployed to be dealt with instead of 100?—Yes.

Mr. *Mundella.*

2671. And also, if 10 per cent. more were wanted, those might do 10 per cent. more time and do more work?—Quite so. I do not know any other way of meeting it.

Mr. *Dale.*

2672. Would you direct the attention of the Commission to that part of your memorandum in which you deal with local option?—It is page 5, paragraph 2. Shall I read it?

2673. Yes?—"The question of overtime, it is "urged by supporters of the last-mentioned "method, should be dealt with vigorously, and "made a punishable offence both for employer "and worker, except in cases of emergency, "when exemption should be made by a local "council composed of employers and workers."

2674. Are you not giving now rather a wide interpretation of cases of emergency, that is, so as to include pressure of orders?—Yes, I am.

Mr. *Livesey.*

2675. Slack and busy times, in fact?—Yes.

Mr. *Dale.*

2676. I thought you had not got that out. I thought you were going to confine it to breakdowns?—I am of opinion that we shall be able to mitigate very considerably the rushes that we are now subjected to, but admitting the possibility of a rush taking place, then that is the most logical way of meeting it that I am able to propose.

Mr. *Livesey.*

2677. Then as to your third reason in your statement as to the desire for shorter working hours. When you say that it is due to the spread of culture, which is more extended, we are, of course, all very glad to hear that, but you have already admitted that there is a section, and I am afraid it is a very large section whose culture is in the public-house rather than anywhere else?—Yes. I am sorry to have to admit that that is so. Where, I think, distinctly that hope comes in, and what I really believe to be the case is, that the proportion now who

Mr. *Livesey*—continued.

are thoughtful, and who are becoming more thoughtful, who are students in fact, is on the increase.

2678. Do not you think that something in the direction of inducing the worker to become a more sober worker would benefit the whole?—I think that excess in drinking matters is rather the effect of bad conditions than the cause of them.

2679. It produces them very often?—I believe it does produce them in some cases, but, generally speaking, a man is unmanned before he goes in for a general booze-up.

2680. I have had large experience, and I am afraid that in a large number of cases it is the drink that unmans him. If the money that is spent in drink by the working classes were not so spent, would not that set their trade in good condition?—I do not think it would.

2681. You contend that if the sum of sixty or seventy or eighty million pounds put into drink were not so spent, that it would not benefit trade?—I have no guarantee that if that money were not so spent it would get into the pockets of the workers for them to spend on more useful commodities.

2682. But it is in their pockets. I heard a working man say once to his fellows: "You might "own your own houses; don't say you have "not the money; you have the money, you "spend it in drink"?—The man who said it was rather unwise from my point of view. The effect is this. Those who are not at work developing in themselves and their families a desire for a higher standard, but are subject to the general industrial forces that are at work, which do not admit of anything going to them above the subsistence wage, and consequently are never likely to get more than that subsistence wage, and the financial advantage that would be derived by not spending it in the public-house would be so infinitesimal in the aggregate that I cannot appreciate it very highly. But the advantages to be derived by the development of different qualities by not spending it in the public-house would be very considerable, and I in my sphere try to work to develop those qualities, but the financial gain alone would be very trifling.

2683. Do you mean to say that as to the 70 or 80 millions which the working classes spend in drink (I think the drink bill last year was 140 millions, but I will say 70 or 80 millions, which is under the mark as the working men's share), if that were spent in producing useful articles of clothing and furniture and houses, and that sort of thing, would not that give a stimulus to trade such as it has never had in your time or mine?—I do not believe that it is possible to withdraw the capital that is invested in the concerns that are now producing this stuff, be it called good or bad, without dislocating most seriously many important concerns that would affect the lives and well-being of thousands of the community.

Mr. *Mundella.*

2684. But are you aware that there is no industry that gives so little employment proportionate to the expenditure on it as the drink industry?—I am aware that that is very often said, but I am not aware that it is very true. At the same time no one will take it from me that I am speaking lightly concerning the drinking habits that prevail. I am of opinion that it is desirable that they should be minimised, but I am not at all sure that teetotalism would secure any very superior conditions over those which we now have.

Mr. *Livesey.*

2685. It has secured them as to great numbers of the working classes. Now the other question I would ask is, would you like to see the worker get a share of the profits, you have thought of profit-sharing?—I have.

2686. Have you any hope of that doing good?—I think it will be of some good, but not till it has done some harm.

2687. Why?—Because I find that in a number of cases where it has been tried it has tended to sectionalise men, to lift them out of the general army of labour, if I may use such a phrase, and thereby it has hindered rather than helped on the general progressive movement that I favour. In principle I approve most heartily of profit-sharing, and I approve more heartily still of industrial partnerships, and I favour the development of everything that tends to bring workers and employers together and make the establishment a common concern towards which they may both contribute the best qualities that they possess.

2688. You want to see identity of interest between employers and employed?—I do.

2689. You would say, if profit-sharing went to this extent, that if it allowed a fair share in the management of the business to the worker, that it is desirable?—Yes, certainly I think that is an improvement upon profit-sharing. That is an approach to industrial partnership.

2690. You say that the worker, being interested in the profits, should have his fair proportionate share in the management of the concern?—I think that is very desirable.

2691. There is one point with reference to your answer about the money spent in drink. Did I understand you aright when you said that if they did not spend that money in drink they would be reduced in wages in effect?—Perhaps the general reply I gave would admit of that conclusion being drawn. With your permission I will illustrate it. This is the way I view it: that a given number of workmen surrounded with certain conditions and with their particular make up require, or think they do, in any case they consume, say, an average of 1*s.* 6*d.* worth of liquor per week. Now, I believe that because of that general average being demanded by the worker he gets 1*s.* 6*d.* more per week than he would get if he did not make that demand, and that the net result of

Mr. *Livesey*—continued.

wiping out that demand, and not replacing it with another, would be a loss of 1*s.* 6*d.* per week wages, but if by the development of other qualities he insists upon 1*s.* 6*d.* worth of something else more valuable being obtained——

2692. Which he certainly would do?—If by the development of certain qualities which will insist upon 1*s.* 6*d.* worth of something else more valuable being obtained, then the drink would go out of its course and the something else more valuable would take its place, and wages would be maintained or even improved upon.

2693. Of course, the 1*s.* 6*d.* you speak of is a very moderate allowance?—Yes.

2694. It is an illustration, and if you had stated 5*s.* or more it would be the same thing?—Yes.

2695. I would put it this way: a man has certain wages, and if, instead of spending 5*s.* a week for drink, which is a moderate amount for many of them, he spent it otherwise, the result would be very different. One of our men said to me once, "I have 100*l.* in the bank," he being a teetotaler — does not that fact place that man in a far more independent position to demand fair treatment and wages?—Undoubtedly, and it is to be highly encouraged, I would say, but I believe that the possibility was given to that man to save because of the general demand on the part of the average man to consume more than that man did consume, and had not the average man had that particular appetite which insisted upon his getting that certain amount of wage, or he would not work, there would not have been that amount of saving margin for the teetotaler, and the teetotaler saved because of the better conditions that prevailed in consequence of the consumption of liquor.

2696. The teetotaler having saved and put himself in a position of comparative independence, is in a far better condition to make better conditions with his employer than the poor fellow who has to live from hand to mouth, from week to week?—Yes, undoubtedly, and every step should be taken for such a development, and to divert in other directions the money which is now spent in liquor.

2697. Now, do not you think that the unemployed taken as whole, taken as men and for the development of the qualities of men would do better, and would be better looking after themselves, by finding work in the best way they can, than having it provided for them, by a paternal government or paternal municipality?—If it were possible to obtain it. I do not want to do away with the effort of the individual. I never want to put a big machine to work when a smaller machine will do the job.

2698. But would not it enervate, would not it destroy the natural energy which we wish to develop so much, if when a man cannot get work, he thinks, "I need not trouble to look for "it, I can go to the municipality and they will "put me into their workshops, or they will find "work for me"—would that not deteriorate the character of the man?—If qualities of that nature were developed, it would proportionately deteriorate the character of the man. That I would say. But the deterioration now takes place to a terrible extent directly, because it is impossible to obtain proper means of livelihood; and it is with a view to checkmating the existing present day deterioration that I make the proposals I have made.

2699. But you might have a deterioration of another kind, if your proposals were carried out?—There would be a tendency for all kinds of evils to develop.

2700. I will mention the case of two young agricultural labourers who come up to our place to work in loading and unloading coals every winter. They bring their wives up, and in the summer they go back for six months to their village in Kent, and keep on their cottages paying their rent of 1*s.* or 1*s.* 6*d.* a week all the year. Now, surely that is better for them than being dependent upon the municipality?—Most certainly, and again I cover it by saying that I would never encourage a municipality to step in, still less the State machine to step in, or even a trades union to step in, or a teetotal organisation to step in to do that for a man which the man had a chance to do for himself equally well.

2701. So that in that respect you are strongly an individualist?—Certainly, and that is what I meant to say yesterday when I said I favoured the application of collectivist principles and methods, in order to afford an opportunity for the more perfect development of the individual.

Mr. *Tait.*

2702. This memorandum of yours was written, I think, about 12 months ago?—It was.

2703. Can you give the Commission any statistics as to the extra number of people that are now employed as compared with what they were at that period?—As compared with that period they have increased.

2704. You are not prepared to say with what per-centage?—With one moment's thought I will. I have given here in my paper that under normal conditions about 10 per cent. of the male workers are subject to casual and intermittent employment, and one half of these, I have said, average, at their work under normal conditions, about two days a week, which leaves for the nation about 400,000 out of work altogether—that is an additional 400,000 on two days a week. Now, there would be 10 per cent. who are totally out of work. That is as near a figure as I can give.

2705. In the statistics which you have given you show here that in Great Britain the hours worked are less than in America, France, and Germany?—Yes.

2706. I think that wages are higher too, are they not, in Britain?—Yes, than in all those countries you mention.

Mr. *Tait*—continued.

2707. In these countries, with the exception, perhaps, of America, they depend more upon State control than ever we have done in this country, do not they?—I believe they do.

2708. Would you attribute to that reason the fact that they are working to-day longer hours than we are?—No, I would not.

2709. To what do you attribute it?—They have not had the same opportunities for industrial development that we have had, and to that I attribute their backward condition.

2710. That is, they have not taken advantage of organisation as we have?—They have not had the same pressure brought to bear upon them to cause them to take advantage of organisation in the same way that we have had. We had an industrial history 50 years or 70 years or 100 years before any of those countries had it, and that brought about the conditions which render it necessary for the industrial development generally. We are in a State where it was possible for the workers to organise, and it is mainly to be attributed to that, from my point of view, that we are industrially ahead of those countries, and that the conditions of living are higher in the shape of shorter working hours and higher working pay than prevail there.

Mr. *Mundella.*

2711. What countries do you refer to?—France, Germany, and Belgium.

2712. Do you say France has had a shorter history industrially than England?—Shorter commercially, speaking generally, than England.

Mr. *Tait.*

2713. At the international congresses which have been held where all these countries have been represented, they have agreed upon State control and an eight hours' day, have they not?—Yes, the congresses have.

2714. Now you have suggested that Parliament should interfere with the hours of labour?—Yes.

2715. By reducing them to eight a day?—Yes.

2716. What are you prepared to suggest to the employer if he could prove to you that he could not afford to reduce his men to eight hours a day, and that owing to competition he should lose money; what are you prepared to do to relieve the individual who has the capital invested?—To reply to that effectively I had better fix upon a given trade, and I will take the textile trade, as that has been referred to before. I will take that as a representative trade. If I were satisfied that the trade generally could stand the reduction, as I am, and if this particular employer could demonstrate to me that he was unable, or the firm that he was connected with were unable to stand the reduction, and would be driven out of the market if it were insisted upon, I should still take up the position that we were working in the common interest, and that we could not allow general progress to be impeded by the interests of that particular firm.

Mr. *Tait*—continued.

2717. Then if you ask Parliament to pass such a wretched measure, and an employer was able to show to you, and prove to you from his books, that he was losing money, would it not be fair also, as you had asked Parliament to fix the hours of work, that they should also fix the wages for the work?—That the employers should?

2718. No, that Parliament should?—That the workmen would be as reasonable in asking wages to be fixed by Parliament as in asking for hours to be fixed?

2719. Yes. I will put it in another way. Such a measure as this will be opposed by the employers of labour as you propose it?—Yes.

2720. But failing them being able to use their influences to prevent such a measure being passed, would you have any objection to the employers appealing to Parliament to fix the wages of labour the same as they have fixed the hours of labour—to fix a minimum wage?—The employers would be quite within their right in appealing to Parliament in any way they thought proper, and I wish them good luck in any effort they might make. I am quite satisfied that the common sense of the country would never listen to such a proposal as that of fixing a minimum wage.

2721. The fixing of a minimum wage by Parliament you mean?—Yes. There is a sense in which perhaps I shall have to modify that statement to some extent which will come later on.

Mr. *Dale.*

2722. The opportunity will only come in connexion with any questions to be put to you?—Then perhaps I had better supplement it now.

2723. Yes, do so?—What I want to guard myself against is this: I think it is quite possible that circumstances may so develop as to render it necessary for action to be taken by the Government in this way; that is to say, such and such we recognise as being a minimum below which men cannot live, and we make provision in some way or other for them. Provision is to be made whereby they shall get at least that, but that is quite different from the fixing of a minimum wage by the application of employers for meeting the effects of the eight hours' demand by a reduction of wage.

Mr. *Tait.*

2724. But you would have no objection to the wage being fixed by Parliament as being a standard whereby a man and his family could live?—No, I should not have any objection to that, but at the same time I do not want to see that kind of thing having to fall to Parliament. I think that that is legitimately and properly the sphere of the trades union, and I hope to see the trades unions develop so as to be quite

Mr *Tait*—continued.

equal to the occasion when called upon to act in that respect.

2725. Then you think that if the workmen of this country have the power within themselves to persuade Parliament to pass an Eight Hours Bill, that that same power would prevent them from fixing the minimum wage as ordinarily understood in trades union circles?—I do.

2726. Now if you were to take capital with you, if you were to take the employer with you in this struggle for an Eight Hours Bill, it would be of considerable assistance, would it not?—It would.

2727. And do not you think that the capitalists of this country might be persuaded to go along with the workmen of this country for the purpose of securing an eight hours' working day, provided that the workman should throw his interests and his influence into an internatianal movement?—I believe a considerable proportion of the employers could be so persuaded, but I also fear that there is a considerable proportion of them that would not be so persuaded.

2728. Just so. But yet at the same time you would get a large number of employers of labour who are opposed to it nationally, who would render considerable assistance in securing even an Act of Parliament, and would assist it from an international point of view?—Yes, I think that is so

2729. Now, might I ask your opinion upon this, that is as to whether you favour at this time the national movement for this country alone, or whether you favour an international movement?—National.

2730. You do not think the commercial interests of the country, the nation's interests, would be interfered with at all, do you?—They would not be jeopardised.

2731. Notwithstanding the fact that we are working less hours to-day here than they are doing on the Continent?—Yes, that is so.

2732. You are prepared to say we might considerably lessen the hours?—I believe we could.

2733. Now with regard to your local option proposals, you have stated that you would put the power into the hands of town councils or county councils?—Yes, I have used that term.

2734. Would not it necessarily mean that if you did that that the members of town councils and others would nearly have to become permanent paid officials?—Of these councils?

2735. Of these councils?—It never struck me that would be necessary. I do not quite see why it should be so.

2736. Supposing that your views from a collectivist standpoint ——

Mr. *Dale*.

2737. I do not want to interrupt you, but you must remember that the functions assigned by Mr. Mann to the corporation or to the county council were simply on reasonable proof being given that a ballot had been taken according

Mr. *Dale*—continued.

to prescribed conditions, and that such and such a result had followed to register that decision, and to issue an order accordingly. That was it, I think?—Yes. I have put the thing down in writing, and with your permission I would just like to read it.

2738. Do so?—This is the proposed plan:—"(*a*.) That an Act be passed fixing the maximum working hours at eight hours a day, or eight and a half for five days, and five and a half for the sixth (or made up in such other method as may be agreed upon), but not to exceed 48 hours a week, overtime to be a punishable offence, both for employer and worker, except in cases of special emergency, such as 'breakdowns, &c.,' or in the case of agricultural labourers, when special provision would be made for harvest time. (*b*.) That the administration of this Act shall be left with the county council, town council, local board, or such other local authority as shall be clearly specified by the Act. (*c*.) That it shall be left with the adult workers of either sex, engaged in any trade or calling, to obtain the clearly expressed opinion of those engaged in the trade as to whether or not they wish for the Act to be applied to them, and that in the event of three-fifths being in favour of the same, their request be sent to the local authority responsible for the administration of the Act, which, being satisfied that the request is genuine, shall immediately notify the employers in the district that the provisions of the Act will be put in force at a date of three months from the time of application was made to them by the workers."

2739. The point being as you brought out in reply to a question of mine, that no discretion is to be exercised, no judgment is to be exercised by the licensing authority or whatever you may call it?—That is so, that they simply administer the Act.

Mr. *Tait*.

2740. They simply administer the Act after the ballot has been taken?—That is it.

2741. I think, in reply to the chairman you said that you would allow all persons engaged in the trade a vote, unorganised as well as organised men?—Yes, all adults.

2742. Now, supposing that in your own trade in the city of London the disposition of the engineers was to have the Act put into operation, but in Birmingham there was not that disposition, and that they voted against it, would you apply the Act in London and not apply it in Birmingham?—Yes, if the men engaged in the trade were of opinion that they would not handicap themselves too seriously.

2743. Do not you see that that would raise up a very serious form of competition?—It might. I have dealt with that specifically. I have stated, for instance, with regard to the engineering trade that the unit of area should be left to the men engaged in the trade who would know exactly the interests of the trade and where the competition comes in. Now,

Mr. *Tait*—continued.

although it is true that there are many engineers in London, and many engineers in the eastern counties, and many engineers in the north of England and Scotland, and in Lancashire and Yorkshire, yet those do not all compete with each other. The engineers of the eastern counties are devoting their energies almost exclusively to the making of agricultural machinery, and therefore Lincoln competes with Grantham and Grantham with the other towns, such as Gainsborough. To my mind that should be treated as a unit of area, because those towns compete with each other and not with Newcastle-on-Tyne, or with the Clyde, or with the Wear, or with the Tees, because those again are engaged almost exclusively in the manufacture of marine engines, and these again are quite a different class of persons from the majority of the Leeds men, and Manchester and Birmingham men. They are all engineers together, but they can be classified under different headings. And it commends itself to me that a unit of area should be taken such that wherever one town properly competes with another town in the one department of industry simultaneous action should be taken by those towns.

2744. Therefore you would say that if London competed, as it does compete in marine shipbuilding, with Glasgow, for instance, then before the London men should get this ballot they should consult their colleagues in Glasgow? —If it competed, but it does not happen to compete.

2745. But assuming that it does?—Assuming that it does then certainly overtures should be made, and a common agreement should be arrived at between the two or more towns.

2746. Now supposing your collectivist system of employment were in operation, how do you purpose purchasing out the present employers? —That is rather a big order. I think all I need say is that I should be prepared and should encourage everybody else to be prepared to deal perfectly fairly with everybody, and to take nothing from them under unfair conditions. If that meant purchasing, why purchase. If it meant taking them at their rateable value, take it at that rate; if it meant 10 years' purchase on the rateable value, take it at 10 years' purchase on that. But I think it more desirable still to let each run their natural course, and if that which proved the superior absorbed the inferior then that would settle the matter.

2747. Now speaking of the Labour Department, are you acquainted with the French system?—I am not intimately acquainted with it, I have a general knowledge of it.

2748. Are you acquainted with the American system?—I have some knowledge of it, but not any intimate knowledge, but neither of them are good.

2749. But I gather from you that you would have in this department which you wish to see enlarged a large number of practical men, both employers and workmen, to give the necessary assistance?—Certainly, competent men, and women perhaps—competency would have to be the standard. I do not mind what section they are drawn from, but I want them to be competent.

2750. But you would be better to have them from all sections, would not you?—Probably so. Yes, I think I would say "yes" distinctly.

2751. That is, you would not want to confine it to one particular section?—No, I am afraid that would savour of partisanship if that should be advocated, and therefore I say "yes" to all sections.

2752. On the question of arbitration, do you favour State arbitration or voluntary arbitration?—That raises a point of very considerable importance, and one that I am very much interested in. I am distinctly favourable to voluntary arbitration, and I do what I can towards encouraging the formation of boards of arbitration and conciliation just as I take a preliminary step and encourage the formation of joint committees between employers and employed in each town and for each trade; but because I know that joint committees very often fail, and after that the voluntary boards of conciliation and arbitration very often fail, and because I know that there are some employers and some workmen who refuse to make use of either of these institutions or anything of a similar character, and because in consequence most frightful suffering is brought about and the stagnation of industry is brought about. I am therefore distinctly favourable to a State Board of Arbitration or Conciliation in addition to these voluntary agencies that I have specified.

2753. How would you compose the Board, what is your proposal in that way?—I should think that in connexion with the Labour Department that I hope to see established in a thorough-going fashion there should be in connexion with it, say not less than six properly representative men from the workers' side, and a similar number from the employers' side, and that these should hold themselves in readiness to deal with any difficulty that existed or that developed, and which the committees that I have previously referred to and the voluntary boards prove themselves unable to cope with; but I think that they should not interfere with or should not volunteer their services prior to an actual breakout, and I think that they should not do so if there was not an actual breakout, even if invited, unless the men themselves had tried to come to a proper conclusion on the question in dispute, but I think in the event of proper effort having been made on the part of the workers and the employers who were affected, and they having failed, then if either side requested this State Board to interfere, I think they should proceed to investigate and publish the facts. I think I would add also that they should be called upon to give a recommendation as to the lines on which the difficulty should be closed, but I would make it conditional, upon their taking the matter up at the invitation of either

Mr. *Tait*—continued.

side that, pending the inquiry, the work should be resumed on the old conditions.

2754. Therefore you would give the Board power to tell the men if there was a strike, or the employers if there was a lock-out, to resume work pending the inquiry?—Yes, there would be even a limit to that. Permit me to enlarge more. Supposing that a difficulty was brewing, and that the men on their side and the employers on their side were trying to settle it, they might or might not notify to the State Board that such a difficulty was brewing, but it is desirable that they should. Then, if the rupture actually takes place and during the first week of that rupture a request was received from the men, from the employers, or from both, for the State Board to intervene, then I think the State Board should intervene, conditionally upon work being resumed pending investigation, and report to them in the event of no request being made by either workmen or employers, and say a fortnight or so had elapsed (I think a fortnight quite long enough), then I would call upon the State Board to proceed to investigate and to publish a report in order that the public generally might know what the facts of the case were from a reliable and competent authority.

2755. Then this State Board of Arbitration which you suggest would not prevent strikes really?—Only in an indirect fashion. I should imagine it would give a stimulus to the formation of voluntary Boards of Arbitration, and be a direct incentive and inducement to the employers and workmen to get the terms on their own account and prevent these ruptures.

2756. Would you penalise either workers or employers if they refused to abide by the decision of the Board?—I have thought over that very carefully, and I have discussed it with many, and after all that I am still unable to make a practical proposal concerning what kind of punishment should be fixed upon them.

2757. Yes, but you recognise that within yourself to make the Board's decision decisive in every way there should be some such penalty attaching, or how is it to be decisive. It would be practically useless if the Board meets and decides that the men shall resume work, or to give their decision upon certain points if their decision is not to be adhered to?—I am not prepared with any proposal as to how we should punish either by fine or by imprisonment, not that I would hesitate to fix fines or to imprison, only the difficulty in the way of doing it is too great—that is, I do not see how to get over the difficulty. Perhaps some one else may suggest a way, and I am sure I would fall in with it, but I am unable to suggest one myself.

Mr. *Mundella*.

2758. I have to ask you a few questions with respect to your evidence as to a Labour Department. I suppose you are acquainted with what has been done in the Labour Department hitherto, since its establishment in 1886?—Yes, I have a fair knowledge of what goes on.

Mr. *Mundella*—continued.

2759. You are aware that there has been a considerable amount of very valuable literature emanating from that department since its formation?—Most valuable. All that is done is done well, but there is not a tithe of enough done, because the staff is insufficient.

2760. But do you think the publication of some of the valuable Blue Books for instance has been of any real service to the working men, or do you see a better way in which these publications might be made more accessible to them?—Yes, I think I can see a way in which it could be improved.

2761. Would you give us your idea?—At present the principal information circulated, valuable as it is, is information first obtained by the respective trade organisations. This is tabulated in a very serviceable way and issued, and it is not very difficult to get at, but the information that I desire to see spread covers not only that which is now done, but information that shall be able to forecast probable fluctuations and changes in the industrial world, and that will be able to anticipate evils which will be likely to result that are not anticipated, and I want that information to be made much more accessible than the present information is, and circulated wherever it was desirable it should be so circulated, and accompanied with suggestions, sooner or later, as to how the evils arising from the trade fluctuations likely to arise could be guarded against to some extent.

2762. You are aware that some valuable Blue Books have been published, or reports rather, upon the extension of the principle of arbitration and conciliation?—Yes.

2763. And upon industrial partnerships and profit-sharing?—Yes.

2764. And upon the state of wages abroad?—Yes.

2765. And upon working men's budgets at home and abroad—that is, their expenditure at home and abroad, and many other returns, such as those as to the variations in wages in the various industries during the last 50 years—I mean the rise in wages. Do you think these, interesting and valuable as they are in themselves, at present at all meet the wants of the working men?—I cannot say that they have reached the average man of fair intelligence who is on the look out to make use of that information, but at the same time I admit that it is possible to obtain it, but it is not easily accessible, and ought to be made more so, I think.

2766. You think the Blue Book is not the best form in which to convey it to the working classes?—I do not think it would be the form in which I should wish it to be circulated. I think that might be improved upon.

2767. You have just made a statement as to the importance of Boards of Arbitration, and I suppose the whole Commission would go with you as to the desirability of voluntary arbitration, but should you say you think there ought to be State arbitration where there is no voluntary arbitration, and that the effect of

Mr. *Mundella*—continued.

setting up a State Board, to be ready for all emergencies, would stimulate voluntary arbitration. Do I understand that that is your position?—Yes, that is correct. That is my view.

2768. Now let us apply it. Take the present strike or lock-out, whichever you call it, in Lancashire. Supposing there is State Board in existence, what should be its first duty with respect to that strike—what would be the first step to take?—It should obtain all information in connexion with the difficulty prior to it actually breaking out. It should not interfere, unless invited to do so by one or both sides, until a given time had elapsed. I make this statement on the strength of my having been connected with many disputes, and I have always used the best argument I was capable of using inside the first week, and I think the same applies to the other side.

2769. But supposing it has reached the phase that it presents itself in now, that is, that a strike of 50,000 or 60,000 persons has already taken place, what course should the State Board of Arbitration under these circumstances take?—I should have proceeded to say that being satisfied that the best arguments are used at a very early period in the development of the difficulty, and being unwilling, at the present stage at any rate, to recommend interference uninvited until a given time had elapsed, then I should, after the lapse of a fortnight, call upon the State Board to investigate and publish facts concerning the difficulty and circulate those facts to all concerned, and if the State Board was thoroughly representative, and had the confidence of both sides, who were affected by industrialism, as between employers and workers, then publication of those facts would tell in favour of one side, and not the other, and would be the means of the difficulty being brought to much earlier conclusion than is generally the case.

2770. Yes, but how is the State Board to arrive at the knowledge of all the facts without some investigation and without a thorough inquiry such as a Board of Arbitration generally has recourse to before it comes to any decision?—It could not, of course, without making the investigation, and I had previously suggested that when this time had elapsed, or earlier than that, when invited they should proceed to the scene of the difficulty, and there investigate by calling upon the important personages on either side to detail to them such information as was requisite to enable them to get a thorough grasp of the whole cause of the difficulty.

2771. I think you said that if one side applied for arbitration, and the other, the recalcitrant, so to speak, did not, you would still hear what that side had to say?—I should.

2772. And you would invite the other side to give evidence?—Yes.

2773. And if they refused you would publish a report?—That is so.

2774. That is, you would report on the information as far as you had gone, and you would make recommendations arising out of that evidence?—That is so; and I believe that the side that refused to tender information would be so seriously damaged, providing the Board was representative, and had the confidence of employers and workers, under such conditions it would be so seriously damaged that there would be very soon a termination of the difficulty to their disadvantage.

2775. But supposing that one side felt that they dared not go to arbitration, because they were quite sure that if they went to arbitration they would lose their case, they would not be likely to come in and give evidence, would they?—No, they would not.

2776. How do you deal with that side, then?—I am not prepared with any recommendation other than that I have made, that the other side should be dealt with, and that independent sources of information should be tapped, and this information being obtained, it should be circulated broadcast with the recommendations.

2777. Then you trust in the first instance to the power of public opinion and publicity?—Yes.

2778. That is being brought to bear upon the side which was recalcitrant, so to speak, and unreasonable?—That is so.

2779. Then do I understand you to say that later on, as matters developed, if you found it needful you should not hesitate to legislate for compulsory powers?—Yes, I have stated that in effect, but I have said that I am not prepared now with any practical proposal as to how we can compel them to comply with the decision.

2780. Then your State Board in the first instance was simply to investigate, recommend, and report?—That is it.

2781. And you would trust to the force of public opinion to influence one side, or both, to come to a reasonable understanding?—That is so; and I believe that the vast majority of disputes would be terminated very much earlier than they are now on the average.

2782. Is there any other function that you would assign to the Labour Department?—I should not be disposed to try to saddle them with further responsibility at present. I think there are other directions in which they could work, and would work, after they had found their bearing, so to speak, but I do not think it would be wise. At least, according to the time I have devoted to the subject, I am not of opinion that it would be wise, to saddle them with further responsibility than that suggested at the outset.

2783. Then you laid some stress yesterday upon labour bureaus in different centres?—Yes.

2784. They, I think you said, should be affiliated or federated in the central organisation of the Labour Department?—That would be one direction in which I think the Labour Department would get to work. Either this morning or yesterday, in reply to a question, I said in effect, I think, that each town and district, each important industrial centre, should have its local officers at work in direct communi-

Mr. *Mundella*—continued.

cation with the proposed Labour Department, supplying that Board with details of the state of affairs *re* trade matters, rises, or probable falls or difficulties brewing, that should keep them in touch with everything of importance in connexion with it, but with regard to a labour bureau for trying to find employment I had not intended to tack that on to it. I am not prepared to say anything contrary to that being done, but I am not recommending that at the present stage.

2785. You did not mean then a labour register?—I did not mean a labour register.

2786. You simply meant some labour organisation which would be in touch with the central department?—Yes, which would supply the centre with all matters relating to industry that concerned that department, which would mean this that we should have a guarantee, as far as human affairs could be guaranteed, that at that central Labour Department the officers would be in possession of everything that affected all those engaged in the industrial concerns of the country, and would be able to forecast probable changes, and be able to state what was likely to happen in the various trades and in corresponding trades in other countries, and then that they should from time to time be accompanied, I should think, with practical proposals as to how the evil effects might be minimised.

2787. But do you think any Labour Department could accurately foreshadow, or approximately foreshadow the future of trade, even almost in the immediate future?—Approximately I think they could do a good deal, for instance, I think, that many now, a large proportion of the public of London, are all at sea with regard to the state of trade in London itself, and they would like to know what the state of trade is. They hear of unemployed agitation, but they do not know what to think of it, their hearts are in the right road and their heads are willing to follow if they had the chance.

2788. But I thought what you wanted to know was what the state of trade was going to be, and not what it was?—Certainly.

2789. Now will you tell me this. In 1890 trade was on the very crest of the wave, so to speak, and again at the end of that year it began to decline, do you follow me?—Yes.

2790. Last year our exports fell some 17 or 18 millions, and this year they have fallen further, probably 20 millions or more, or will do so. Now, that being so, how do you suppose any department could foreshadow such a curtailment of trade as that which ensued immediately after the year 1890?—I think that they could forecast, with a fair amount of accuracy, that which was likely to happen. Certainly they could do it better than isolated groups not in touch with the general state of trade could do it, and what I am desirous of seeing done is not the mere collecting of information, but I desire that that information should be supplied to those who are likely to be affected. I wish that steps should be taken to minimise the evil, and this, I believe, would be on all-fours with another recommendation I have made, which is that that Labour Department (I do not think I used this phrase before) should do what it could to stimulate a common interest as between employer and worker, so that in connexion with the respective trades when fluctuations took place the evils of those fluctuations should be distributed, if possible, over the whole of the trade, by which I mean that instead of certain men keeping on and working overtime and some half-time, the evil should be distributed over the whole trade.

2791. Yes, I understand you mean the Labour Department should practically take cognisance of everything connected with labour?—Yes.

2792. But what reason would any Labour Department have, or what could any Labour Department have done to enable them to forecast, for instance, the failure in the Argentine Republic, the complete collapse through the failure of Baring's, the tremendous financial disturbance which followed the failures, and the financial disturbance which took place in our principal colonies, and which took place in some European countries, by which credit has been, so to speak, universally disturbed, and all trade and enterprise arrested, how could any Labour Department foresee this, or how could any state of things that you can imagine have prevented it?—I rather think that it is quite possible to forecast many of these sudden changes which appear to come so rapidly, but which are known to many who are intimate with the fact beforehand that they are probable. But I scarcely think that the Labour Department would be allowed to deal with that kind of difficulty. Much, I should imagine could be done. I believe, as one that has an interest in watching marine engineering, that it could have been foreseen by those who are observant, that after the years 1888 and 1889, there was likely to be a steady decline with regard to shipbuilding. That was expected; it has come. It was not made generally known, and nobody has guarded against it. Employers rushed the thing as best they could to get the largest amount of trade that was going, and workers were equally indifferent from their point of view, and they made overtime when they could, and put up with the consequences when there was no work. This indicates chaos which we should try and to organise against, and I think that that chaos could be reduced by an effort on the part of the Government in the direction indicated, supplemented by equally good efforts on the part of voluntary agencies such as the Trade Unions, and, I hope, the employers' associations.

2793. No, but what could the Government or the Labour Department have done to prevent the excessive output of marine engines. What could they have done as to that?—I fear that they could do nothing. Not in such a form of department as is probable in the immediate future. Had it existed those last five years, I

Mr. *Mundella*—continued.

do not think it could have done anything towards preventing the falling off in trade, but it might have done something in disseminating that knowledge and arresting attention on the part of those who were really concerned, and in suggesting practical proposals as to how the evils should be minimised.

2794. Do you mean by giving warning that there was too much shipbuilding going on?—Yes, and supplementing that with further information.

2795. But even supposing it had been done in 1889, it would not have prevented that which did happen in 1890, that more was built in 1890?—Quite so, I do not think it would, except in so far as the same trade opinion that would call for a Labour Department for such purposes as I have mentioned would also like to see that information used to guard and ward off the difficulties, and prevent them occurring as far as possible, and I apprehend that once they were developed in this direction both employers and workers will take a better view of matters than they have done in the past.

2796. You seriously deplore the evil effects of fluctuations in trade, I take it?—I do most seriously. It is the curse of the worker's life.

2797. And how do you say they are to be prevented, either by the State or by the individual?—That would throw me again on to the collectivist organisation of industry.

2798. No, it would not in the least, I cannot see it?—Then I do not quite understand your question.

2799. For instance, a very large part of the trade of the country is export, is it not?—Yes.

2800. We export to countries to whom we give credit, do we not?—Yes.

2801. As long as those countries are in good credit we send them our goods, is not that so?—Yes.

2802. Then supposing that they got into bad credit, and we ceased sending them out goods, and supposing new enterprises should stop, for instance, we are familiar with illustrations of that. There are no railways forming in South America; there are no new enterprises in Australia or New Zealand, and nobody would trust Spain, or build docks or ships or railways there, or in Portugal. Therefore this cessation of credit means a cessation of enterprise, and the cessation of enterprise means the cessation of employment, does it not?—That is so under present conditions.

2803. Those are outside our own country?—Yes.

2804. How are you to prevent those occurring?—I do not see how to prevent it whilst ordinary commercial methods prevail, but I do see, or think I do, that they would be prevented developing further if collectivist principles prevailed in this and other countries. More practically, the proposal that I should be disposed to make at this juncture would be this, recognising the very serious evils that arise from these sources to credit and therefore to trade, I should encourage a policy that would enable us

Mr. *Mundella*—continued.

to become much more of a food-producing country than we are, and I am of opinion that that is quite possible. I am alive to the fact that only a small proportion of our food produce is grown in this country, and I think that pitiable, and I believe that a good steadying effect and one conducive to the general well-being would be brought about if more attention were forthwith paid to the cultivation of the land on superior methods to those on which it is now cultivated.

2805. Do you think, with the vast and growing population here and with the limited area of our soil, we can grow all that we require for our own country?—I do.

2806. Are you aware what was the population of Great Britain in the beginning of this century?—About 8 millions, I think.

2807. Say 10 millions?—It was 11, actually, I remember. That is as near as can be estimated, because there was no census.

2808. It has increased in that time to what extent?—To 40 millions.

2809. To between 30 and 40 millions?—For the United Kingdom.

2810. How do you suppose we should have been fed if we had trusted entirely to our own limited area of soil?—I understand, and from such attention as I have given to agricultural matters, that even now the soil in this country could be made sufficiently productive to supply nine-tenths of the food requirements of this country. I am not at all sure that it is desirable that we should produce as much as that. I recognise the advisability of some countries keeping to manufactures rather than being food-growers, whilst other countries should be rather food-growers than manufacturing nations, and with a view to steadying the evils that arise from that to which attention has been called, I think it necessary that the land should be brought under such conditions that opportunities should be afforded for a much larger proportion of the food produce for the country being produced in this country.

2811. But do not you recognise the fact that at the beginning of the century when the population was less than one-third of what it is now, the wisest men of the country regarded every child that came to the national board as coming to eat somebody else's share?—I do, and therein they committed a great error.

2812. Now you have an increased population, increased to more than three times what it was at that time, and the probabilities are that the population consumes double what it did then, every man eats double of what he did then, or nearly, and how do you suppose this would have been supplied by simply putting the whole population on the soil, as you propose, if that is what you mean?—I do not quite mean that.

2813. Then do you mean if you have a system with collectivism that you should manufacture for foreign countries?—With or without collectivism the changes I am proposing it seems to me are desirable, and I believe very likely to come about. That is that better attention

Mr. *Mundella*—continued.

should be given to the cultivation of land already under cultivation, and much land that is not now under cultivation should be brought under cultivation.

2814. Possibly ?—And I believe that that will contribute to the steadying of the trade of the country, and making us less reliant on other countries for food produce.

2815. Now I want to lead you up to a point in which you say that collectivism would be of the greatest service to humanity, that is, that it would employ by the reduction of the hours of labour, for instance, the whole of the people of this country ?—Yes.

2816. You would not wait for collectivism before reducing the hours of labour, would you ?—Certainly not. I would proceed forthwith.

2817. Would you take the woollen industry, for instance, of which we have some knowledge, and would you reduce the hours of labour in that industry to eight ?—Yes.

2818. You know who our great competitor is in the woollen industry, I presume ?—Yes, I understand that we have competition from the Continent and from America.

2819. We have it from France chiefly. She is the great competitor, and we are the greatest importers from France of woollen goods ?—Yes.

2820. Now France has just passed a Factory Act which fixes the hours of labour in factories at 11 per day, that is, 66 hours per week. Our factories have 56½ hours per week. Now supposing we brought them to 48 hours per week in England, you cannot influence France by doing that, and she still remains with 66, what is to become of the Yorkshire people, and how are the factories in Yorkshire to be employed ?—I believe that this country has held its own commercially, not in spite of its relatively short hours but largely because of its relatively short hours, and the capacity for production that these relatively short hours encourage and develop, and I am quite prepared to endorse the advisability of further reductions in the same direction, believing that similar results will follow. I have talked this over quite recently, and many times previously with those earning their living in the Yorkshire trade. I was doing it for five hours on Saturday only in a representative textile district in Yorkshire, and there they are unanimously of opinion—I will not say all, but by a very large majority the workers are of opinion that it is desirable that the hours should be reduced as suggested, and they think that no evil effects would follow from an international point of view

2821. You mean a reduction of hours in the woollen mills to 48 hours, whilst the French woollen mills are running 66 ?—Quite so. I do not think it is quite right to say that would not influence France. I always bear this in mind, that the workers of France are travelling in the same direction as the workers in this country are. They are demanding reductions of working hours, and anything that we do therefore does affect them. It stimulates them to travel in the same direction.

Mr. *Mundella*—continued.

2822. Yes, but we have had legislation for more than 20 years past, the effect of which has been to bring down the hours of labour in this country to 56½ ?—Yes.

2823. For 20 years that has been in operation, and France, which is a country of universal suffrage, has been agitating for changes in the hours of labour, and even within the last fortnight they have come down to 66. You are aware of that ?—Yes.

2824. And you think, notwithstanding that, that we might safely, under those circumstances, go straight away and reduce the hours to 48 ?—Yes.

2825. And you think that we should produce as much as they do in 66 ?—We should hold our own compatibly.

2826. But what do you mean by holding our own, should we produce as much at as low a price ?—I believe we should be able to continue with the same proportion of trade that we have been in the habit of doing. I had a return from Yorkshire, which I received this morning, showing that the exports last year were greater than in previous years.

2827. Exports of what ?—Of woollen goods from Yorkshire, Huddersfield especially.

2828. But it is not true that the export of woollen goods for last year were larger than in any previous year, that is not so ?—I have not the figures by me.

2829. You must have been misinformed, because it is a mistake. But are you aware that last year we imported more woollen goods to the extent of between five and six millions from France ?—I do not know the amount, but I take my stand upon this, that our capacity to produce in the 48 hours would be quite equal to that of the French under their present system.

2830. You say that we should produce as much in 48 hours as they do in 66 ?—Yes.

Mr. *Dale.*

2831. I do not think you committed yourself in regard to this particular trade to the exclusion of the idea that you could put on an additional shift ?—Oh, no; I have made no limitation of that kind, but I do not look upon that as necessary.

2832. Or if necessary the worker might receive only the same sum per piece that he is now receiving, or the same sum per hour that he is now receiving. You held yourself free, as I understand, to meet any such difficulties as are now being pointed out, if necessary, simply by the workers receiving for the diminished hours a diminished payment, if that is inevitable, and for enabling the mill or machine to turn out the same amount of work as at present by an additional shift of workers, the main view being to draw into employment a suitable number of those who are now not at work at all, is that so ?—I have said nothing to the contrary of that, but I am prepared to say that I really believe that one shift would be ample—one shift well conducted on the 48 hours' system, and work only conducted during the day and not in the night,

Mr. *Dale*—continued.

would enable Yorkshire to do quite as much as they are doing now, and as efficiently as they are doing it now.

Mr. *Mundella.*

2833. But Yorkshire is very badly employed now, is not it?—Some part of it.

2834. And a great deal of machinery is standing idle?—Yes.

2835. And there is a large importation of woollen goods from France?—Yes.

2836. And now it is the fact that with reduced hours of labour they are in France still 15 per cent. longer than the Yorkshire hours?—Yes.

2837. And yet you propose to make them 25 per cent. longer than the Yorkshire hours, is not that so?—I face it all, yes; distinctly, yes.

2838. And the rates of wages are more than 25 per cent. less, so that your contention is that with an import of five or six millions a year of woollen goods from France into Yorkshire with France working 25 per cent. longer hours at 25 per cent. lower wages, that would not interfere at all with our English trade?—It would not jeopardise the English trade.

2839. Do you think it would increase the imports from France?—It might temporarily, but it would not jeopardise the English trade.

Mr. *Burt.*

2840. I understood you to put the reduction of hours mainly on the ground of the shortening of the hours absorbing the unemployed?—Not mainly; that is one of three very important questions. I put that first. I think I may say primarily, but not mainly.

2841. Primarily?—Yes.

2842. I suppose you would agree that any shortening of the hours, say, to eight per day, would affect very variously different trades?—The effect would be very different.

2843. In some trades, probably in many, but in some at any rate, it might not at all lessen the amount produced per man per hour?—Quite so.

2844. And therefore so far as these particular trades go, whether they are many or few, no unemployed would be absorbed?—That is so.

2845. You spoke of the eight hours per day, or 48 hours per week. They do not necessarily mean the same thing, do they?—No, they do not.

2846. And I suppose you put it purposely that way with the object of leaving a certain latitude in particular cases, so that more than eight hours per day might be worked in some trades, and under exceptional circumstances?—Exactly that.

2847. You also spoke of trade and local option, and I understood from that, that, even in connexion with the same trade where through certain local circumstances there may be a desire to be exempt from any system, whatever it might be, you would allow there an exemption as to the eight hours, for instance, provided a very large

Mr. *Burt*—continued.

majority of the workmen thought that that limitation of the hours would injuriously affect them?—I have not even proposed that they should be put to the trouble of asking for exemption. I have proposed a plan whereby those who desire for it must ask for it.

2848. You did. That is to say, municipal or representative bodies?—That is so.

2849. So that really it would not come into operation at all until they took the initiative and applied for it?—That is the method I have proposed.

Mr. *Trow.*

2850. You would not affect the quantity of work to be performed in the hours, would you?—Oh, no; I would encourage a larger production, providing it could be done under fair conditions.

2851. I suppose you are aware that the 48 hours' principle is adopted in one engineering firm in Sunderland?—Yes, I am.

2852. Are you also aware that the amount per man per hour is more than under the 53 hours' system?—I am aware that the employer has said so.

2853. And you accept his statement?—I do. I think it is quite right, otherwise he would never have said it.

2854. Then where comes in the absorbing of the unemployed?—It does not come in at all.

2855. Do not you think the same would apply to all industries, unless you limit the quantity of work?—No, I should be glad if it would. I would go on then for another reduction.

2856. Now, you told us that reducing the hours to 54 or 53 did not absorb any of the unemployed?—Yes, it did; not very many, because overtime was permitted, which I proposed should be abolished.

2857. Mr. Swift and others did not state that. They said the trade changed, so that they could not tell what the effect was, but, generally speaking, they said that as much work was being performed in the 54 or 53 hours as was previously performed in the longer hours?—Yes.

2858. Just one word with respect to industrial partnership and profit-sharing; you believe in industrial partnerships and profit-sharing, do you?—I do. I guarded myself concerning profit-sharing by saying that I had known cases where evil has followed, and it may follow again.

2859. Take the industrial partnerships. I suppose the wages of the workmen will depend upon whether there are any profits to be divided or not in an industrial partnership?—Certainly.

2860. They will have to accept a share of the loss as well as the profits?—Yes, I want to see the worker saddled with the responsibility of conducting an industry.

2861. And if the industrial partnership meets with severe competition outside, which it must necessarily do, and if there are no profits to be divided, I suppose the men will accept a less rate of wages?—They would not be qualified to work on the industrial partnership plan if they were not. They would resent it in many

Mr. *Trow*—continued.

instances, undoubtedly. That would depend upon their education; I mean upon their general make-up, and the knowledge they had of the general question, and the desirability of sticking to a plan when they had endorsed it once.

2862. You would go upon the fair principle that we should recognise the rights of those who own the manufacturing industries, and take them off their hands, and purchase them at a certain value?—Under existing conditions I recognise every right as respected by the law, and I would change it in a fair way. I might consider it necessary to detract from the value in a number of instances, but I think I can properly reply to the question by saying, yes.

2863. I do not care how much you detract, so that you recognise the right. Then I suppose we should have (I say we, and I mean the workmen) to get the capital somewhere to buy the present proprietors out, is not that so?—That would be one method of getting control, but not the only method.

2864. But if we recognise their right, and if we want to purchase, I suppose they would have a voice in making the bargain, and in saying as to whether they would sell it or otherwise?—I am not clear now as to whether you are fixing attention upon one particular industrial concern, or whether you are dealing with the industry generally.

2865. With the industry generally?—Then as to the industry generally, I shall reply this way, that I think it is quite possible to take such action as would enable the workers themselves to develop side by side with existing concerns, corresponding industrial establishments which may possibly monopolise the trade.

2866. But would not it be much better to acquire the present manufactures and industries, than to get capital to erect new ones, and come into competition?—If it would be much better I should certainly favour its being done, but whether it would be much better or not would depend upon the state of advancement of the machinery, &c., that was being utilised, and the conditions under which a transfer could be made.

2867. I suppose we should require capital to work a new competing factory?—Yes, we should at least require sustenance for the workers whilst they were doing that which was for the time unproductive.

2868. We should have to get capital?—Yes.

2869. And to get that capital we must provide first of all interest upon the capital?—Certainly, while present conditions prevail.

2870. And that would be the first claim upon the wealth produced by the labour of those employed?—Again I say, yes; while present conditions prevail.

Mr. *Abraham.*

2871. Have you in your mind that the State Board which you propose should not interfere before a strike takes place?—Before a strike takes place. I should like it to interfere by being invited; but I do not think I should recommend it to interfere if uninvited, because

Mr. *Abraham*—continued.

it would probably be resented and create friction.

2872. But do not you think that the knowledge of such a Board existing and having power to interfere after a certain time would be the means of inducing or of giving some reason for employers and workmen not doing their best, as it were, to settle their own affairs, and that thereby it would create strikes instead of preventing them?—I think, as far as I am able to form an opinion, that it would minimise, and not increase, the number of disputes.

2873. You do not think that the knowledge of such a Board existing, then, would increase the tendency to create disputes?—I do not think so. There might be a tendency, I think, in the make-up of certain individuals that way, but it would be met again by a still stronger tendency to have a steadying influence, and a stronger tendency, I mean, on the part of a larger proportion of those industrially connected, so that whilst it would increase it with one section, with a much larger proportion it would decrease it.

2874. That would be a safeguard against increasing the possibility of an increased number of strikes?—Yes.

Mr. *Gerald Balfour.*

2875. Let us suppose that a universal eight hours' day was established, and let us further suppose that you are right in believing that it would have the effect of absorbing the unemployed: would a shorter day prevent a recurrence of want of work?—No.

2876. What is irregularity of employment caused by?—By the production, for the time being, being greater than the demand for the time being.

2877. By fluctuations in trade?—Fluctuations in trade.

2878. To which may be added other causes as well, such as the displacing of labour by machinery?—Yes. I thought that was the cause you had in your mind principally, when I replied so pointedly, and I had better state my view more fully. I think machinery will still be further developed, and there will soon come a time when there will be a surplus population again if the eight hours' day is brought about.

2879. Another cause of irregularity of employment is the influx of agricultural labourers into the towns, is not that so?—That is one cause.

2880. And again there is always a certain number of men thrown out of work by sickness or infirmity or through their own fault?—Yes.

2881. Now would any of those causes of uncertainty of employment be affected by a shorter day?—Yes; the cause that you mention concerning agricultural men coming into the towns. I believe that regulating the working hours of the farm labourers would enable a larger number to get on the land by affording them an outlet for their energies in the rural districts as distinct from the towns.

2882. There is no need to pursue that part of the question, but as to the other causes, they

Mr. *Gerald Balfour*—continued.

would not be affected, would they ?—Sickness, you mean, or a man's own fault, a man's carelessness, that is ?

2883. Yes ?—I do not see how the eight hours would prevent a man behaving foolishly.

2884. If any relief to the unemployed were obtained by the establishment of an eight hours' day that would meet the necessities of the case only temporarily ?—Only temporarily.

2885. And unless you are further prepared to reduce the hours from eight to seven, and from seven to six, this particular advantage which you anticipate from a reduction of the hours would presently be exhausted ?—I would advocate that, or raising the general standard of living so that we should consume according to our capacity to produce in eight hours.

2886. In other words, unless some other cause came in to prevent that uncertainty of employment, this expedient is not one which you could indefinitely repeat ?—No, that is not so.

2887. You mention two objects which are to be gained by this limitation of the hours, apart from the advantage of additional leisure. The first is the absorption of the unemployed, and the second the raising of wages ?—Yes.

2888. Now let me first suppose that the limitation of hours would have no effect upon the aggregate produce, would there then be any absorption of the unemployed ?—No.

2889. Or any raising of wages ?—Possibly not the raising of wages. Wages might be raised.

2890. How would it affect wages ?—It might affect wages in this way, that if, as in some cases happens, the workers are unable to make what they consider a proper demand effectually to obtain a higher rate of pay for the work they perform in consequence of the competition of the workless for work, then the absorption of those who were workless into the ranks of those who work, and thus taking away their competition, would enable the workers then to make an effectual demand for a higher rate of pay.

2891. But I thought you said in the case we were supposing there would be no absorption of the unemployed ?—In that case, no ; there would be no chance of men to raise the wages.

2892. But now let us suppose that the result is to diminish the aggregate produce, would that have the effect of absorbing the unemployed ?—I should certainly think not. It would not absorb them.

2893. Then how is it that you expect the absorption of the unemployed to take place ?—Because I expect that there will be a greater produce.

2894. Then may I take it that, unless there should be a greater produce resulting from the limitation of the hours, you think there will be no absorption of the surplus labour ?—No, I do not make that as a general statement. I think it is quite likely that with no higher production there would be an absorption of the unemployed by distributing the work now done over a larger number.

Mr. *Gerald Balfour*—continued.

2895. I am supposing now that the aggregate produce is diminished, the expected absorption of the unemployed not having yet taken place. Let us merely take absorbing the unemployed, and let us merely take those in employment now, and let us suppose that in consequence of the limitation of hours their produce is reduced, would that bring in the unemployed, the wages of those now in work remaining the same ?—I fear I do not quite follow the question. No, certainly, there would be no absorption again.

Mr. *Dale.*

2896. Do you quite understand the question ?—Yes ; let me repeat it. I understand that I am asked, supposing that the eight hours is applied to those who are now working, and that the net produce is proportionately less, is that the question ?

Mr. *Gerald Balfour.*

2897. Yes ?—If we can get along with that less produce.

Mr. *Dale.*

2898. The question is, if the produce is consequently proportionately lessened, would there be absorption ?—I am answering by saying that if we can get along with that less produce, there would be no absorption of the unemployed.

Mr. *Gerald Balfour.*

2899. Would you confidently expect the unemployed to be absorbed ?—I would.

2900. On what grounds do you base that expectation ?—On the grounds I have stated.

2901. Even though the aggregate produce is decreased by a reduction of hours ?—But the aggregate produce would be increased. Am I bound to discuss a state of affairs where it must not be increased ; do you wish to pin me to a state of affairs where there is not to be an increase.

2902. I am asking you to consider an abstract case. At present let us suppose that the aggregate produce is diminished by a limitation of hours, in that case how do you expect there would be any absorption of the unemployed to follow ?—You are supposing a case to which I can reply, by saying only that I do not see that there would be any absorption of the unemployed under such conditions, but those conditions are impossible ; therefore I am warranted in saying that the conditions would be such actually as that there would be an absorption of the unemployed.

2903. Do you say that it is impossible that a limitation of the hours should result in a limitation of the produce ?—Again, will you repeat that question ?

2904. I am supposing that in consequence of the hours of work being reduced, the output per worker is reduced, and therefore the aggregate produce is smaller ; that is not an extravagant supposition, is it ?—It is not.

2905. That, it is not difficult to believe, might be the effect of a universal eight hours' day ?—Yes.

Mr. *Gerald Balfour*—continued.

2906. What reason is there to suppose that the unemployed would thereupon be absorbed?—There would be no such absorption, but my contention is this, that the produce now would still be required. I should say, and I have said definitely already, that there would be a larger demand, not a less demand. Your questions to me, I understand, are based upon this, that there might be a less demand, because if there was a greater demand, or if the same demand existed, then there would be the same supply, I take it.

2907. I find it difficult to express my question in such a way as to make it clear, but I will endeavour to put it once more. A limitation of hours, I am supposing, would be followed by a reduction of the output of each worker, and therefore a diminution of the aggregate produce, and I want to know whether you think that such an effect would be followed by the absorption of those who are at present unemployed?—I certainly do think it would be followed by an absorption to bring the standard of produce up to present requirements.

2908. Now I understand. That is the answer which I expected you to give, and I think it is the answer which you have given already in your paper?—I have given that answer three or four times over in my paper already and here.

2909. But not to me just now?—No; I have not given it to you.

2910. It is generally held by economists that the demand for work comes from the produce of work. If the aggregate produce is diminished, where is the demand for additional labour to come from, and how is it to be paid for?—I thought I had made it clear in my previous replies to many questioners, that by reducing the working hours and keeping the output per man practically at what it is for the time being, which is what I anticipate would happen, then in order to keep the production up to its present standard, there must necessarily be an absorption of the unemployed, because their energy would be required to keep the present standard up.

2911. But how is their labour to be paid for if the aggregate produce is less?—I cannot conceive a state of affairs where the aggregate produce would be less.

2912. Are you not assuming that the unemployed are already absorbed when you say you cannot understand the aggregate produce being less. My question to you is, how could it come about that they should be absorbed at all? You start with a reduced produce; how would that reduced produce create an additional demand for labour?—I am exceedingly sorry that I should be unable to grasp the drift of your question. As I grasp it, it is this. You fix me to a state of affairs where the present produce of the country shall not be equalled as the result of a change in working hours, that is, a change in working hours on the part of those who are actually now at work, but as I am assuming, and have assumed right through, and it seems to me to be perfectly rational that the present demand will continue, then to meet that demand and supply the deficiency not supplied by those who are now working the unemployed would be brought in.

2913. But how could their demand be an effective demand, unless there was purchasing power to pay for the labour?—It would not be an effective demand unless they had purchasing power, and that would come largely from profits, in some cases from interest and in other cases from rent. It might possibly be by sharing in the wages already taken.

2914. Then I understand your reply to be this, that the payment for the additional labour, and perhaps even, as I gather from your paper, for increased wages for those who are working at present would be derived from capitalists' profits?—Largely, yes.

2915. How would you secure this larger share of profits?—By the organised demand made by the workers.

2916. But that would be successful only through the absorption of the unemployed, so that the argument travels in a circle. How do you secure an additional share of profits?—I have stated very distinctly there must necessarily be an absorption of the unemployed to keep production up to its present standard; if, as you laid down, the output of those now working would, under the new conditions, be less than it is, then, to keep the production up to its present standard, an additional number of workers must certainly be required.

2917. But what guarantee have you that that production must be kept up to its present standard?—Because I have no reason to suppose that there would be a falling off in present demand, but a very considerable reason to suppose that there would be an increased demand for that which is now latent.

2918. In that case, as far as I understand, it comes to this, that the labour of the unemployed will create a demand for itself, and pay for itself?—That is so, undoubtedly.

2919. But if so, why does not that occur already?—Because of the sectional control of industry.

2920. But the sectional control of industry is to continue with shorter hours?—It is likely to continue modified by shorter hours. The sectional control will be placed proportionately under general control, or will be controlled under general conditions to a greater extent than now by the application of such a measure as that proposed, and it will make it possible for those who now have a latent demand to give effect to that demand.

2921. But how will that come about?—By their absorption. The markets exist now.

2922. Are you not arguing in a circle again, seeing this absorption of the unemployed is the very thing in question? I ask, how is that to be brought about, and you answer in effect it is to be brought about by itself?—I do not think I have said that. At present, production does not depend upon the unemployed. At present, demand does not depend upon the unemployed.

Mr. *Gerald Balfour*—continued.

An effective demand exists, because there are certain channels through which comes the demand which is independent almost of our unemployed. Supposing the conditions were such that those were unable to give more than eight-ninths of the supply required; then as there is no reason to suppose that the whole demand will not still continue, I have said that there will be an absorption of the unemployed to give the additional one ninth, which seems to me perfectly rational.

2923. I pass from that point, and I will return once more to your belief that the workers will be able by this change to get a larger share of profits than they do at present. Does not that involve the assumption that it is possible to diminish the remuneration of capital without any effect on capital itself?—It does.

2924. And you believe that?—I do.

2925. I can understand that to some extent this should be so where there is a large amount of capital locked up in existing concerns. But do you believe it also would be true in the case of free capital?—Yes, I do. What I understand I am committing myself to in saying I do is this, that there will be a less reward to capital, in the shape of less profit.

2926. Do you think that will have no effect upon the accumulation of capital, and the employment of it in this country?—It will have no adverse effect, as far as I can judge.

2927. You do not think it will drive capital abroad?—I do not think so.

2928. You do not think it would tend to check enterprise?—I do not think so.

2929. What reasons have you for that view? It is not a view held by most economists?—Because arguments of this nature have been tried before, but they have been rebutted by arguments of a similar nature to those now advanced, and the result is that it gives me ground for expressing a hope that the same result will follow. There has been no detrimental effect in that shape, or by interfering with or dislocating the industries of this country hitherto.

2930. To what occasions do you refer?—To the nine hours' day being substituted for the ten hours' day.

2931. I understand you to lay down the broad proposition that you can diminish the remuneration of capital without fear of driving it away. Was the remuneration of capital diminished at the period you refer to?—The same wages were obtained for the shorter working day.

2932. But I understand you to hold that the shorter day would rather increase produce?—Yes, I have said so; but I have also held that in many trades the first effect would be to increase the cost of production, because there would not be the same output under the eight hours as under the nine hours.

2933. You base your view that there is no fear of driving capital away on the ground of experience?—On the ground of experience, and on calculations as to the remuneration, that now goes to capital, and what they would be likely to get if they took their capital elsewhere.

2934. Now supposing you are right in your contention, what is there to prevent the State passing a law to raise wages? That also would diminish profits, would it not?—There would be nothing to prevent it save the demand. The State would not be likely to do it unless there was a demand for it to be done, and I do not anticipate that demand.

2935. But if you believe that encroachments might be made on the profits of capital without driving it away, why not take that particular method?—Because it does not commend itself to me.

2936. What are the objections?—To raise the standard of living it is more desirable that increased leisure should be obtained, and that the economic capacity to consume should be met as the result of the conditions of that increased leisure.

2937. Why not adopt both measures?—Because it is found, and I think it will be found in the future, to be equal to the occasion to obtain it in the one direction, leaving it for the voluntary organisations to deal with wages.

2938. But I apprehend that if you could you would deprive capital of its profits altogether?—Yes, ultimately.

2939. On your principles why not at once?—Because the people themselves are not prepared to endorse such a proposal.

2940. Do they object to it on ethical grounds?—Yes, they do; they are themselves capitalistic in their nature.

2941. They consider that it would be robbery to absorb the capitalists' profit by a law raising the wages, but not robbery to absorb profits by the action of their trade organisations?—No, they do not take that view; they are not prepared to utilise their trade organisations to take from the employer all the profit that goes to the employer. They are of opinion, as to a section of course, that a certain rate of profit should be given to the employers, and they are not proposing to take that from them by means of trade organisations.

2942. Then I understand your view to be this: that whereas there is no objection to encroaching upon the profits of the capitalist even till no profits whatever are left, so far as the economic effect is concerned, nevertheless a certain measure of mercy is extended by the workers to the capitalist, and they do not desire to gain all the advantages they might gain?—They are not of opinion that they ought to gain all the profits that go to the employer, the bulk of them are not, but there is an increasing proportion who are so disposed.

2943. How is it that a strike for a rise of wages ever fails?—Ever fails?

2944. Yes?—It fails for a thousand reasons; there is the incapacity of the men to hold out

Mr. *Gerald Balfour*—continued.

long enough, which is the general reason, and they are brought face to face with starvation, and the employer is not.

2945. Are there not deeper reasons: do you think that is the only reason?—No, I do not; I think there are a thousand reasons, but that is the principal one.

2946. I will just ask one more question on this subject to make sure that I understand you: Do you believe that a law to raise wages would as a matter of fact have no effect upon the accumulation of capital, no matter how great the encroachments made by such a law upon the profits of capital might be?—I think it is quite likely that if such a proposed law were to try to take from capitalists such a proportion of their profits that they thought they could do better elsewhere under different conditions, then it would affect capital undoubtedly.

2947. Might not that contingency arise if profits were diminished by shortening the hours?—That contingency might arise, but that contingency is not likely to arise.

2948. Then the question is after all one of degree?—That is so.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

SEVENTH DAY.

Commission Room, Westminster Hall, Wednesday, 16th November 1892.

PRESENT:

MR. DAVID DALE (IN THE CHAIR).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart, M.P.
The Right Hon. LEONARD H. COURTNEY, M.P.
The Right Hon. H. H. FOWLER, M.P.
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. A. HEWLETT.
Mr. T. H. ISMAY.
Mr. G LIVESEY.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. TOM MANN, a member of the Commission, further examined.

Mr. *Gerald Balfour.*

2949. At the close of yesterday's sitting, I was cross-examining you on the views which you hold with regard to the effect of the general limitation of hours on employment and wages?—Yes.

2950. It may, perhaps, be convenient to recapitulate the positions which I understand you to take up. You say that apart from a desire for more leisure working men advocate a legal eight hours' day, because they believe it would have the effect of absorbing the unemployed, and raising wages?—Yes. That is looking at the subject in the aggregate, not sectionally.

2951. Now, in order to test the grounds of that belief, I asked you to consider particular cases of the problem, and to tell me in each case whether the expected result would follow, and if so, how it would follow. The first case that I took was this. I asked you to assume first of all that the reduction of hours would have no effect upon the average output per man, and therefore no effect upon the aggregate produced. That was the first case. I think you admitted in that case there would be no absorption of the unemployed, and no rise in wages?—I admitted the possibility of such a change being made without any absorption of the unemployed.

2952. And without any rise in wages?—And without any rise in wages. I did not admit, or did not intend to admit that such a change is likely to be brought about.

2953. No, but I was taking each case separately in order to get clearly at the underlying principle?—Yes.

2954. The second case I put to you was this: I asked you to assume that reduced hours would diminish the aggregate produce without diminishing the average wages per man employed?—Yes.

2955. I understand you to maintain that the effect of this would be to absorb the unemployed

Mr. *Gerald Balfour*—continued.

whose labour would raise the aggregate produce to at least its normal amount?—Yes.

2956. And also perhaps raise the wages of those already in work by relieving the competition for employment?—Yes.

2957. That is your position?—Yes. I may have to modify that position with regard to various sections of the industries, but looked at in the aggregate I endorse that position.

2958. I am speaking now of the aggregate. The gain to the workers you thought would come from employers' profits?—Yes.

2959. I suggested some objections to these views which I am afraid I did not succeed in making perfectly clear to you. Would you like me this morning to ask you a few supplementary questions on the subject?—I would be glad if you would, as I should like the matter made more clear.

2960. Is it your view that effective demand comes from the power to purchase?—It is.

2961. And the power to purchase comes from the aggregate produce?—Yes. I may want to re-state that matter in my own words, but I say yes, now.

2962. If the aggregate produce is larger, the power to purchase will be greater. If it is smaller the power to purchase will be less?—Yes.

2963. The unemployed are at present out of work because it does not pay anybody to employ them?—That is so.

2964. How would it pay anybody to employ them if employers were worse off than before, and also purchasers worse off than before in consequence of a diminution in the aggregate of produce?—In the first place the action taken to bring the workers' energies, which are now wasted and do not produce anything, into play would enable them to create value. That is, they would increase the produce, and they would

Mr. *Gerald Balfour*—continued.

be able to take a portion of that increase of produce.

2965. But have you not to assume a diminution in the aggregate produce before the unemployed begin to be absorbed?—I do not think so.

2966. Then why are not they absorbed at present?—Because of the sectional methods under which trade is conducted. Unless some special force is brought to bear upon those who are responsible they do not see how to make use of the energies of the unemployed in order to contribute to their profits, but by bringing forces to bear upon them they compel changes to be made, and then it has often been found that those changes enable profits to be made and wages to be obtained.

2967. Then I understand your position really to be this, that the improvement you anticipate is to come from an improved organisation of industry?—Yes.

2968. And that improved organisation of industry will be the consequence of a uniform eight hours' day?—The consequence of a regulation of working hours.

2969. Regulation of working hours by the State?—State or otherwise.

2970. But again, how will that be brought about. You see the question I originally started with is, how will this absorption of the unemployed take place in the first instance. If the unemployed are not to be absorbed unless there is a diminution in the aggregate of produce, why are they more likely to be absorbed after that diminution takes place?—I have not intended to say that it is impossible to absorb the unemployed unless a diminution of produce takes place. What I must contend for sooner or later during this examination is this. I hold that if by any means the latent energy that is now running to waste possessed by these men who are workless can be set free to expend itself upon the raw material, they will forthwith begin to produce value, a portion of which they will require to consume for their own sustenance. That brings into it another consideration which, so far as I have been able to judge, you have not entertained in the question suggested. I have stated that in the paper, and I ask that special attention should be given to it both by employers and workers, feeling quite sure that it is generally ignored, and to my mind it is one of the most important features of the whole case.

2971. Do you mean that if the employers were at the present time to offer work to the unemployed they could make it pay?—I mean to say that I do not want to pin myself to the employers, if that is to mean the particular employers with their particular establishments now. But I do mean to say that it is a sort of conduit pipe arrangement which wants some stopping, and it would be in my opinion if an opportunity were afforded to those persons who are now allowing their energies to run to waste to be directed into a useful channel. It could be done either by a wise policy on the part of present day employers or any other means whereby those workers could get at the raw material, and begin and create from it the finished product.

2972. Does that amount to saying more than this, that if these men could be profitably employed their employment would be profitable?—I think it does. I can quite conceive of this, that every group of employers throughout the whole country, every individual employer and every syndicate would say, "It is no use talking "to us about the unemployed, we cannot profit-"ably employ more than we now have," and then side by side with them I can quite conceive a man of capacity getting the unemployed together, and getting the raw material together and the tools, and enabling the present unemployed to get the work, and begin to create value which would be to the general good and to no one's harm.

2973. That is to say, that an improved organisation would bring some of those who are now unemployed into employment?—Yes.

2974. That is undoubted?—Yes.

2975. But can you show that an improved organisation would follow from shorter hours?—That is one step towards improved organisation, which would bring the latent energy into activity.

2976. Well, now let us consider a third case. Let us suppose that the greater efficiency which might arise from shorter hours would more than counterbalance the loss of time?—Are you again speaking in the aggregate?

2977. I am again speaking in the aggregate. I am taking the problem in its most general form. Let us suppose that the greater efficiency of labour more than counterbalanced the loss of time?—Immediately?

2978. For the purpose of this discussion we need not consider whether it is immediate or future?—It affects the whole subject materially.

2979. For my present point it is sufficient that we should take the question in the more abstract form. Suppose that the result would be a greater aggregate produced if hours were shortened: what would be the effect?—A greater aggregate of product by reduction of working hours and the absorption of the unemployed.

2980. I want to know, supposing there was this greater aggregate of produce, what would be the effect?—A greater aggregate of produce by a reduction of working hours, you are assuming?

2981. Yes. Supposing there was this greater aggregate of produce, what would be the effect upon the absorption of the unemployed and upon wages?—They would not be absorbed. If I am to understand that you are now asking me that if from the present working hours a change is to be made to something less, and the same number of persons now working the less number of hours produce a greater produce than now; if you ask me what effect that would have upon the unemployed, I say there would be no absorption.

2982. And what effect would it have upon wages?—Unless concurrent action was taken

Mr. *Gerald Balfour*—continued.

by the workers in bringing pressure to bear upon the employers it would have no effect upon wages. But you are asking me to suppose a case there which it is absolutely impossible can ever be brought about from my point of view.

2983. I am asking you to suppose an abstract case, no doubt. But in order to really understand the elements of this problem it is necessary to consider abstract cases ?—Quite so.

2984. Do you mean to say that if there is a greater efficiency of production and an increased output per worker from the workers that will have no effect upon wages and no effect upon the unemployed ?—Under present conditions the rule is for the total output to go to those who take rent, interest, and profit short of those wages obtained by organised effort. I said that unless concurrent action were taken in the shape of an organised effort on the part of the workers, then any advantage derived by the increased production would go to those whom I may term the employers. But if concurrent action were so taken then they would get a share of it.

2985. Has it been the case during the last 50 years, as a matter of fact, that the results of increased efficiency have gone to swell interest and rent ?—In nearly every instance, saving where they may have been modified by organised effort.

2986. I am not going into the question whether organised effort is necessary or not because I think we may assume that organised effort will continue to be put forth in the future as in the past. As a matter of fact, has the advantage of increased efficiency gone exclusively to capitalists and to landlords during the last 50 years ?—It has not.

2987. Has it gone principally to them ?—I do not think so.

2988. Therefore, whether the result is brought about by organisation or not, the larger proportion of this advantage has gone, you think, to the working classes ?—A goodly proportion.

2989. And therefore we may assume, may we not, that if there was a further increase of efficiency, that also would go to benefit the working classes ?—Yes, assuming which, I think, would be reasonable that equal attention would be given to obtaining it.

2990. Does it not follow, then, on the supposition which I have asked you to make, that wages would be raised ? — Assuming present forces at work, yes. That contradicts, I admit, to some extent, what I had previously stated. But I understood you to address a question to me as to what would be the immediate effect of increased production upon wages, and I said unless there was concurrent organised effort to obtain it, it would not go to the workers, and I say it now.

2991. But I think we may assume the existence of this organised effort. The organised effort has existed in the past, and there is no reason why it should cease in the future ?—No.

2992. Therefore you may assume its continued existence ?—Yes.

Mr. *Gerald Balfour*—continued.

2993. And, making that assumption, you think that the effect of increased efficiency would be to raise wages ?—Granting that, yes.

2994. I think you also admitted, in answer to me, that effective demand comes from the power of purchasing ?—Yes, I quite accept that for the time, though I think I previously said I might want to modify the phrase.

2995. Then is it not also true that if from this increased efficiency there results increased purchasing power, there will be a greater demand for labour ?—By the increased purchasing power there will be a greater demand for labour ?

2996. A greater effective demand for labour ?—Yes. It will depend largely with whom it lies. It will depend largely with whom the purchasing power lies as to whether there will be a greater demand for labour. If distributed over those who require commodities, there would be a higher purchasing power, and there will be a greater demand for labour.

2997. If wages are raised, it will mean that the purchasing power is to that extent distributed over the working classes themselves ?—Yes.

2998. Will their purchasing power increase the demand for labour ?—Their purchasing power for commodities.

2999. Then we arrive at a conclusion precisely the opposite of that which you stated a minute ago. The effect of increased efficiency would be both to raise wages and to absorb the unemployed by increasing the demand for labour ?—By distributing it over a period of years, I believe that would be the effect. But my reply was based upon this supposition, which I thought you wished me to take, as to what would be the immediate effect of the conditions that you suggested to me.

3000. I was considering the abstract question. I quite admit the further question arises as to what would be the immediate and what would be the ultimate effect ?—And they would be very different, in my opinion. Will you again kindly point out to me where the contradiction appears ?

3001. I understood you to say this, that if by a reduction of hours the average efficiency was increased more than in proportion to the loss of time, and therefore the total aggregate produced was increased, that that would not absorb the unemployed and would not raise wages. But, after I had asked you further questions on that point, it seemed to me that we were driven to the conclusion that the opposite result would ensue, and that as a consequence of this increased aggregate produce caused by increased efficiency, there would be a greater demand for labour, and also wages would be raised ?—That was because two conditions were in my mind, both of which happen. But the condition that I had in my mind when I replied in the first instance was this, that it is quite possible for the methods of production to be improved in certain departments of industry as to affect the aggregate in such a way that the bulk of the advantage could be taken by a small per-centage of the community, and thus leave the workers with less purchasing

Mr. *Gerald Balfour*—continued.

power than formerly. Then you asked me to assume that inasmuch as the general effect had been during the past 50 years to distribute advantages over the mass of the people, that that would still be the case. To those general conditions, then, I replied in what does, I admit, appear to be a contradictory sense.

3002. I asked you also whether there was any reason to suppose that those conditions would not continue to obtain, and you told me there was no reason to suppose it. Organised effort, for instance, will continue?—Yes, I believe it will continue, and treating each of them in a general sense, then I think that the latter reply would be the more correct one to give.

3003. Now, does it not seem to you rather a curious conclusion that an increased aggregate production and increased efficiency will raise wages and will create a demand for employment and that the same result will also follow, according to your view, from the opposite cause, namely, diminished aggregate production?—It does not commend itself to me as so very contradictory. It is possible to work it out as I suggest. It does work out in both ways.

3004. You have made certain statistical statements in your paper which I should like to ask you a few questions upon. At the bottom of page 2 of your memorandum on the State regulation of hours of labour, you say, "Statistics are "quoted which show that of the total wealth "produced, less than half of it goes to those "mental and manual workers who produce it, "although they number four-fifths of the popu-"lation." Can you give me the figures on which that statement is based?—I have not any precise figures with me. I can give you the figures I had in my mind and have had for a long time which caused me to write that paragraph, and which would justify me now, from my view, in repeating that paragraph from a platform or in this room. The general knowledge that I have concerning that subject is derived from a perusal of statements made by economists and statisticians. From their statements I have derived what I understood to be the facts, serving to show that the annual value produced in this country or obtained by this country, perhaps including interest upon foreign loans, amounts to about 1,200,000,000*l.*, and that less than one-half of that goes to wage workers, the larger half going to those who take rent, and profit and interest.

3005. The wage workers?—The wage workers.

3006. But your statement here is "of the "total wealth produced, less than half of it goes "to those mental and manual workers who pro-"duce it"?—Yes. I am quite prepared to stick to that statement.

3007. Whom do you include in the mental workers who produce the wealth?—I would include a designer. I would include a draughtsman in an engineer's shop.

3008. You would not include a manager?—Oh, yes, the actual manager.

Mr. *Gerald Balfour*—continued.

3009. Or the capitalist acting as his own manager?—Yes; I would include payment for management certainly in every case, but not as a capitalist only.

3010. Now, I take the figures which I am about to give from a paper read by Mr. Giffen in 1886. His calculation is this: that of a total aggregate income of 1,270,000,000*l.* which is about the figure you mentioned, less than one-third, namely, 400,000,000*l.* goes to the capitalist classes for interest or for rent; that 320,000,000*l.* goes to the upper and middle classes, and to the manual labour class 550,000,000*l.*?—That is a substantiation of the statement I have made surely.

3011. This 320,000,000*l.* is supposed to include salaries for mental work, management, &c.?—I apprehend he is including the professional classes generally there.

3012. Yes?—I am not including the professional classes. I am including those who are directly and positively engaged in industrial pursuits.

3013. Why do you exclude the professional classes?—For no special reason, except that I did exclude them.

3014. Let us leave that item of 320,000,000*l.* out of account, and then compare the income of the manual labouring class, according to Mr. Giffen's statement with the income of the capitalist class from capital. The income of the capitalist class from capital is 400,000,000*l.*, and the manual labouring class 550,000,000*l.*?—Yes.

3015. And in reality you ought to add to that 550,000,000*l.* large sums as earnings of management even though the professional classes be left entirely out of account?—Yes.

3016. Therefore I think that if Mr. Giffen's figures are correct, you will admit that your statement here must be incorrect?—I say this with all deference, that I am not prepared to take the statement which you have just quoted as being nearer the mark than that stated in this paper. Before I wrote that, before I uttered that, as I have done on hundreds of platforms, and am likely to do again, unless I have good reason to think I am wrong, I gave the matter my very best attention, and obtained information from men whom I looked upon as competent and qualified to speak upon the subject. I recognised Mr. Giffen as one, and I do take these figures into consideration, in conjunction with the figures of other men whom I looked upon as perhaps of equal value.

3017. I quite understand. Your reply is that you do not think Mr. Giffen's figures are accurate?—I do not want to say Mr. Giffen's figures are not accurate. What I do say is, that he is not the only authority, that there are other authorities who do not make exactly the same statements; and trying to estimate what credence I ought to give to each of these authorities, on the strength of which I have made this statement, I do not see why I ought to modify it.

Mr. *Gerald Balfour*—continued.

3018. But that is tantamount to saying that you do not think Mr. Giffen is correct ?—If you draw the conclusion, yes.

3019. Now you further add, "It is pointed out "that, although the condition of the workers to-"day is better than that which obtained a "generation ago, the power to produce wealth, "*i.e.*, the commodities themselves which con-"stitute wealth, increases faster than the "position of the worker improves," and you give some statistics at the end of your paper, which I presume are intended to support that statement. You say "wages have increased in the "past 25 years in most trades, but the power to "produce has increased at a greater rate." You do not tell us how much wages have increased during the past 25 years ?—No, I do not.

3020. You have not got that figure ?—I am prepared to give an expression of opinion. I have not given it here.

3021. When you say wages have increased, do you mean the wages paid in each trade, or do you mean the average wage earned by the wage earners as a class ?—The average.

3022. Per head ?—The average per head, yes.

3023. Taking the year 1840 as a starting point, your calculation is, that at that time the wealth of the United Kingdom amounted to 150*l.* per inhabitant ?—Yes.

3024. And in 1882, to 249*l.* per inhabitant ?—Yes.

3025. That is an increase of rather less than 100 per cent., is it not ?—Yes.

3026. In comparing the increase in wealth with the increase of the income of the working classes, ought you not to take into consideration whether interest on capital has or has not been reduced ?—Yes.

3027. Has it been reduced in that period ?—In the aggregate, I question whether it has, and yet I know that capital can be obtained cheaper than it could. It is multiplied in so many ways that I believe there is a larger proportion now going as interest than was formerly the case.

3028. Do you mean a larger aggregate interest paid, or a higher rate per cent. ?—I mean a larger aggregate proportion of interest paid as interest.

3029. In proportion to the total amount of capital ?—In proportion to the total amount.

3030. That means a higher rate per cent. ?—Not actually that.

Mr. *Courtney.*

I think Mr. Mann meant in proportion to the total amount distributed, not that the rate of interest had risen, but that the total sum that went to interest receivers had increased ?

Mr. *Gerald Balfour.*

3031. No, I understood the reverse ?—Will you kindly repeat the question, in case there is a mistake, or shall I state my own view ?

3032. If you kindly would ?—Capital can be obtained now at a less rate than formerly. But the actual proportion of the country's produce that goes as interest, I believe to be larger than formerly. It is invested so many times.

Mr. *Gerald Balfour*—continued.

3033. The actual proportion of income from capital is greater now than it was 50 years ago you think ?—Yes.

3034. Compared with the total income of the nation ?—That is what I meant.

3035. Well that conclusion again is not borne out by Mr. Giffen's figures, but as you have not got your own figures, I do not know that it is of very much importance to pursue the subject ?—No, I have nothing further to add than the general statement that I have taken into consideration the statements made by each of the statisticians and economists given in this list; Porter, Levi, Giffen, Mulhall, &c., and on the strength of that I make the statement I now make.

3036. Let us come now to the question of an eight hours' day. We have considered certain abstract cases hitherto, but no doubt you would agree with me, that in reality the effect of an eight hours' day would be very different in different industries ?—I do.

3037. And different in the same industry in different localities ?—Yes.

3038. In some trades the reduction of hours would probably diminish the amount of produce per head, in others it might leave it very much the same, and in others again it might actually increase it ?—Possibly.

3039. Now trades differ very much one from another in respect to the present conditions of the workers. In some, for instance, very long hours are now worked; in others comparatively short hours. Is not that so ?—That is so.

3040. Some trades, again, are season trades, and in others employment is comparatively continuous ?—That is so.

3041. Then there are other differences. In some trades you might work double shifts, in other trades it would be impossible ?—Yes.

3042. In some trades, wages are paid principally by the piece, and in others principally by the hour, or the day, or the week ?—Yes.

3043. Some trades are more unhealthy than others ?—Yes.

3044. Some are more laborious than others ?—Yes.

3045. Some require more continuous or more intense labour than others do ?—Yes.

3046. Also industries differ from one another in respect that some produce articles of necessity and others articles of luxury, and it is easier as a rule to raise the price to the consumer in the case of an article of necessity than in the case of an article of luxury ?—Yes.

3047. Again, some trades have to fight against foreign competition, and others have not ?—That is so.

3048. I suppose you would agree with me that all these differences, and others besides, are material in considering whether in any particular industry the hours should be reduced or not ?—Yes.

3049. And is it not on that ground that the idea of a uniform eight hours' day imposed by law upon all trades alike has been practically abandoned, or viewed with, to say the least,

Mr. *Gerald Balfour*—continued.

much less favour than it was?—A great many would not admit that.

3050. You mean, they would not admit that it is in less favour now than formerly?—No.

3051. I think you yourself made some such statement in your paper?—I am not recommending the universal application of the eight hours' day.

3052. I think you make a statement to the effect I mention?—Possibly I have. It is a year since I wrote this. Even then some persons would take exception to my statement.

3053. In speaking, on page 4, of an Act for all trades, you say that the section which is in favour of such an Act is smaller than formerly?—Yes, I have said so

3054. Would it not be, in your mind, an objection to a uniform eight hours' Act, that there would not be sufficient elasticity about it?—I think that is one of its principal objections.

3055. Then again the idea that Parliament should deal with each separate trade, and on its own motion reduce the hours of labour in a particular trade, is not in so much favour as it was at one time?—I think not, at any rate, with those who, like myself, value that method less. But it is for this reason, that until comparatively recently, it was simply a general beating up of the advocates or the agitators, or whatever we may call them, a general beating up in favour of reduced working hours. Then it was scarcely necessary to systematise the particular method by which it might be applied. But now the agitation has been sufficiently successful to warrant those who have been identified with that agitation to be more specific, and to try to point out exactly how it might be applied, it is scarcely a contradiction. That is the point I want to rectify.

3056. The present view seems to be that each trade should decide for itself?—That is my own view, but many object to that.

3057. That is the view which received most support at the Trade Union Congress, was not it?—I think they carried there a trade exemption, a Bill to apply to all industries, saving where a majority of the organised workers in that trade claimed exemption.

3058. Still that practically left each trade to decide for itself, because any trade might have petitioned against the application of the Act?—Yes.

3059. And the chief differences of opinion now really are on the question of whether employers and employed should settle the matter between them, or whether the declared desire of the majority of the trade should of itself carry with it legal sanction?—Yes.

3060. There are also some minor differences of opinion, first of all, as to whether the decision is to rest with the unorganised workers, or only with the organised workers?—Yes.

3061. And, also, whether there is to be local option as well as trade option?—Yes.

3062. The plan which you suggest, of local option and trade option combined, would obviously give greater elasticity than a uniform Eight Hours Act?—Yes.

Mr. *Gerald Balfour*—continued.

3063. I do not think, however, it would give quite as much elasticity as the present system of leaving the question to the employers and employed to decide. What is your view?—The present system is so very slow that I want to see something more rapid, and I believe we may make use of more rapid methods with safety. Personally, I have not the slightest concern as to how it is done, so that it is done. It is a case of expediency with me, but I am not prepared to say I would go bull-rush into it. I would not yield to yourself or anyone around this table in saying we must be cautious. I know we must be cautious. But it is a case of what is being sufficiently cautious.

3064. Do you think that the rapidity with which the end is accomplished is the only thing to be considered?—Rapidity? I scarcely see how to answer that.

3065. You say that you are in favour of any system which will most quickly bring about the result you desire?—Yes, consistent with requisite safeguards. That is why I purposely stated that I recognised the necessity for being cautious. Then let us be as rapid as possible consistent with the requisite caution.

3066. You do not think that a greater degree of freedom and latitude than would be allowed by an Act applying to the whole of a trade would be advantageous?—I have not learned to appreciate any other method.

3067. For instance, not only do the conditions of one trade differ from the conditions of another trade, but the advantages possessed by one manufacturing establishment may differ from the advantages possessed by another?—In case there might be a little misunderstanding, and therefore to render some questions unnecessary, I would like to say that I have no wonderful respect for Parliament or its capacity. I have no especial love to see Parliament take matters in hand. I would much prefer to see things worked out in a business-like and competent fashion by voluntary arrangement. But just as I speak strongly, and mean it too, in saying that neither have I any fear of using Parliament, if I see a way to use Parliament to do work in a quicker and more effective fashion, than I can without using Parliament. So, that I am not a voluntary man as against a parliamentary man, or a parliamentary man as against a voluntary agency man.

3068. I wanted to ask you whether the elasticity that is secured under voluntary arrangements is not a great recommendation as opposed to a system of legal compulsion?—A great recommendation, provided it carries with it no other disabilities, but I am of opinion that it does carry with it other disabilities, and that we may secure the requisite elasticity, and therefore, I have not in this particular paper submitted to the Commission, but in another, drafted proposals and used arguments showing how, in my opinion the requisite elasticity can be secured under this method of trade and local option.

3069. An Act of Parliament which would enable each trade by itself to decide for the

Mr. *Gerald Balfour*—continued.

whole trade would necessarily prevent any arrangements by which the hours worked in one establishment would be different from the hours worked in another establishment in the same trade?—That is so.

3070. Or that the hours worked by one man should be different from those worked by another man?—Yes, and therefore I have said do not cover the whole trade. In order to give this requisite elasticity I should be content with covering the district.

3071. Yes, but even that does not go quite to the root of the matter. For instance, compare one coal mine with another. You might have a coal mine which can be worked much more cheaply than another, even in the same district?—Yes.

3072. Is it absolutely necessary, do you think, to insist that the workers in both mines should work exactly the same number of hours?—Yes. Earlier this week I have stated, whilst being in this chair, that I am very sanguine as to the future development of the industrial system of this country, and in effect I have said that I have the very greatest hope for the development on the part of the employers, and of workers of such a nature that in due time we shall all approach this subject, or a very large proportion of the people will approach the subject of our industrial system rather as students than otherwise, with a view to working out the very best results in the aggregate. But whilst saying that and meaning it, I am not of opinion that the relationships now existing between employers and workers, are such as to warrant me in supposing that we shall, in the immediate future, come to that happy understanding when each mine, each mill, each factory, each workshop, can be regulated by a direct understanding between worker and employer.

3073. At present then you see no disadvantage in a system which would allow no elasticity within the trade and district combined. Within the trade and district combined, you think that the conditions should be uniform?—I have said subject to the local council of employers and workers deciding upon cases of emergency.

3074. Cases of emergency are the only exceptions you make?—Yes. I apprehend by your former question that there might be one mine differently situated to another mine, perhaps in the same district, that perhaps it will take half an hour longer to reach the face for instance. Still, whilst I desire to see the best possible conditions arrived at, I think we had better take into account the advantage of having it uniform, or that a certain maximum at any rate should not be exceeded, and that should be secured by the Act.

3075. Inside any trade in a particular district, you do not wish to see elasticity; you wish to see uniformity of conditions?—I do not think there is a real necessity for what you have mentioned. I prefer uniformity.

3076. Now if the reduction of hours is to be effected by the system you propose, you will

Mr. *Gerald Balfour*—continued

require a legal definition of a trade?—Yes, that would be necessary.

3077. You will require a certified register of those who have a right to vote?—Probably.

3078. Do you think that it would be very easy to frame a legal definition of a trade?—Not very easy.

3079. Or to obtain a register of those who have a right to vote?—No. I believe even to carry out such a proposal as I have made would mean very much serious and careful work, but then those difficulties are very insignificant compared to the difficulties that exist now for want of this regulation.

3080. I understand your own view is that the right to vote upon the question of reducing the hours should not be confined to the organised workers?—That is so. I think it should not be confined to the organised workers.

3081. In that view you differ from the opinion expressed by the Trades Union Congress?—They were dealing with exemption, and I am dealing with option. But still I do differ there. And for this reason. That whilst I am as enthusiastic as any of those probably at that congress, who were in favour of those only voting who were members of trade organisations, I know that the trade organisations represent only a minority when we come to actual numbers. Although they affect the majority, they are really a minority, and that in my opinion would not be fair. Therefore, I suggest every adult worker should have a vote.

3082. I perfectly understand your view. Perhaps there is all the more reason for it, inasmuch as the trade unions would probably contain the most skilful workers in the trade?—In some trades that is certainly the case. It is not necessarily so in every trade.

3083. And it might be specially unfair for a minority of the tested workers in a trade to decide such a question for a majority of less skilled workers?—Yes. For my own part I would use the term "trade" to cover the labourer. He is as essential as the mechanic. I want the labourer to have his full voice, even although he may not get more than half the price that the other man does.

3084. How would you deal with unskilled workers?—I have just mentioned those anticipating your answer. I say I desire to see the word "trade" so interpreted as to embrace, not only the skilled, but everyone of the unskilled persons who are essential to that trade.

3085. But I am now speaking of the large body of unskilled labourers who, perhaps, fluctuate from one trade to another?—Where there are practically no skilled, you mean?

3086. Yes, where there are practically no skilled?—I would deal with them on exactly the same lines.

3087. How would you obtain an authoritative vote from a body of unskilled labourers fluctuating from one trade to another?—I do not think it would be too difficult.

Mr. *Gerald Balfour*—continued.

3088. Would you regard them as forming one body, or would you divide them according to the trades?—Oh, according to the trades.

3089. But if they practised more than one trade?—Then I should take their votes more than once. I should take their opinion or desire concerning each trade or department of the trade that they followed.

3090. Would it not be extremely difficult to obtain their opinion?—I do not think so, if tackled by honest and earnest and sympathetic men. It would be difficult, but not too difficult to accomplish. Please pardon me for wishing to add this. There is always a tendency, if difficulties are raised and admitted, to say, "Why bother about it?" I am bound to bother about it, because of the frightful difficulty that now exists, and I dare not stay where we are.

3091. Now, in the skilled trades would not your proposed plan rather tend to erect a ring fence round the trade?—I have not thought of it in that way, or that it would be so.

3092. You would have to have a legal definition of each trade, you would have to keep a register of the members of each trade; would it not be very difficult for outsiders to pass into that trade at all?—I do not see at all that it would.

3093. You do not think it would?—I think it would not.

3094. The further complication is added, if you have not only trade option, but also local option, that you would require a legal definition of the district?—That is so. But that, of course, is added for the sake of giving it the requisite elasticity; the more cast iron the system the less the elasticity.

3095. In the case of scattered trades how would you determine the district?—You mean a trade that covers the whole country?

3096. Yes?—I endeavoured to define that yesterday by saying that I should leave it for the workers engaged in the trade, who would the interests of the trade, who would know what districts competed with them, to decide the unit of area over which application should be made for the provisions of the Act being applied.

3097. Take such a trade as that of washerwomen, for instance?—Yes, and that is a very good trade too to take. It is one to which I wish to see the principle applied. That is a case which will serve me very well. Here is London, with probably 75,000 or 80,000 washerwomen, and some of them are working very hard and under very bad conditions, and they cannot move. There is no necessity for these washerwomen in London to wait until the corresponding women in Glasgow or Liverpool shall take similar action. If, as a result of organised and educated effort, we can bring about a desire on their part to make use of the machinery suggested, I do not think there would be any difficulty in getting that desire properly registered and getting such machinery actually applied. The reason I jumped, as it were, at saying that trade would suit me well was that I meant it illustrated the value of the trade optional plan; but of course you have not in any way opposed that.

Mr. *Gerald Balfour*—continued.

3098. Then you would leave it to the trade itself to determine into what districts the country should be divided?—I should. I think that would be necessary, because that would be leaving it to those who would be affected by the change.

3099. How would you obtain an expression of opinion upon that question from an unorganised trade?—I do not want to speak favourably, certainly not more favourably than I feel, concerning those who will not take the trouble to organise; but still I am bound to view this question as a citizen, and I do. Now, there is a sense, pardon me for thus not appearing to be giving an answer directly relevant to your question, in which I feel my responsibility apart from my position as a workman in my own particular trade, and whilst I have suggested this particular plan, which says, "You must "make application for the reduction, as a proof "of your desire for it, before you get it," there is another sense in which I want to take action independently of whether those engaged in the trade make application or not. My view is this: I am a member of the community, and as such am called upon as a good citizen to occupy a certain position with regard to those who are carrying out certain work in my behoof in common with the rest of the citizens. In such a case I become responsible as an employer, and I say that inasmuch as I am responsible for the conditions which prevail, I shall insist upon right conditions prevailing. I should carry that principle still further even in dealing with, say, the co-operative movement. I am a member of the co-operative movement, and because I occupy a responsible position as a member of that movement I should bring to bear what pressure I could upon those who control its movements for the time being. In this connexion I would say that our behaviour to our *employés* must be such as will carry out and embody the principles I believe in. I believe in behaving fairly to *employés*, and I say that we must carry out our principle not only through trades unions, not only through a co-operative movement, municipal councils, and so on, but that even in obtaining the ordinary commodities of life we should endeavour to carry out the same principles. In regard to the goods which my wife purchases to go into the home, I encourage this practice, and I encourage every man to adopt the same practice, of endeavouring to obtain the requisite guarantee that the goods purchased have been produced under what we have called "fair conditions." That carries with it this, that in proportion as I can exercise any influence over those who employ those persons, whether in production or distribution, I insist upon their behaving fair, "fair" being interpreted upon the lines that are under discussion. So that in that sense, irrespective of whether application be made by the workers themselves or not, I would still behave on the lines suggested. That observation has some bearing upon this general question,

Mr. *Gerald Balfour*—continued.

which I wish to state some time during my examination. I say that for fear the conclusion might be drawn that I would oppose action being taken unless the workers themselves applied for it; because perhaps later on it will be drawn from me that I would insist upon action being taken if I could insist upon it on the part of councils and Government.

3100. My question was only directed to this. I wanted to know how you thought your proposal could be embodied in an Act of Parliament, where, of course, exact definitions would be required. Now, how would you define the limits of a trade. For instance, would miners include not only the hewers, but also the putters, the banksmen, and all other classes who are employed in and about the mine?—In my opinion, yes. I think that would be wiser.

3101. Would you include all those classes in one general class?—I think that is desirable.

3102. And it is to the general class of miners that you would give the right to decide whether the hours should or should not be reduced?—That commends itself to me as being a wise course, though I should feel that the proper course would be to ascertain the opinions of the various sections who compose the mining community. I would make the same observation with regard to shipbuilders and engineers and other trades.

3103. Then your Act of Parliament would define the limits of a trade?—Probably that would be found necessary.

3104. And it would define what branches of trade should be included in a single industry?—I think that would be found necessary.

3105. On page 6 of your memorandum you say that the persons engaged in trade are the best judges of whether the hours should be reduced or not?—Yes.

3106. Why is it that in the category of persons engaged in a trade you do not include the employers?—I have not found it necessary to include the employers; but I have not the slightest objection to their being included, I want to see them included, only the employers as a body have occupied such a position of standoffishness that we are compelled, unfortunately, to look upon them as a hostile body. I want to see that changed as early as possible.

3107. But would you allow them a voice in determining whether the hours should be reduced or not?—Certainly I would allow them a voice. I think it very desirable that the workers and employers should discuss this question and come to a common conclusion; but I do not think that the employers should be taken as the equals of the workers, because of the workers being so much more numerous.

3108. You think that each employer should only count for one man in a trade?—I would not say that off-handedly. I should be rather slow to say that.

3109. Your proposal contains no provision respecting them whatever?—It does not. I have not thought it necessary for the reason stated.

Mr. *Gerald Balfour*—continued.

3110. In boards of conciliation there are usually an equal number of representatives on each side, always indeed?—I think that is vitally necessary with a board.

3111. If you are to give a voice to the employers in this matter would not it be necessary to constitute any joint board on that principle?—Any board that existed ought to be on the joint plan I should imagine. I am not at all opposed to the employers being consulted and taking full part in it, but I do not think it must be left for them to decide.

3112. If an eight hours' day suited the conditions of the trade, is there any reason why the employers should not accept a reduction of hours?—I know of no satisfactory reason. All I know is that I regret that their disposition is not to take such action as early as it might be taken. They do not, as a rule, favour action being taken when it might be taken.

3113. Do you think it is a desirable thing to place the power of determining what the hours should be entirely in the hands of the workers in a trade?—I should think it undesirable to shut out, to deliberately shut out the employers, but I do not think than any mischief can follow it being left in the hands of the workers.

3114. But your proposal does deliberately shut out the employers?—I do not think I have alluded to them, have I?

3115. No, but you would put it in the power of the workers to determine for themselves, with the sanction of Parliament behind their decision, whether the hours should be reduced or not?—I am speaking for the workers specially no doubt, and if an employer has some suggestion to make, I think we should be very ready to accept a practical proposal, although why I did not include them was because I did not consider it necessary. All my workmanship life has gone to show me that these things must be settled by the workers themselves, and I fear that that will be so for a considerable period yet, but it is less so than formerly; there is a gradual change.

3116. If you are to leave it entirely to the workers to determine the number of hours, why should you not on the same grounds leave it entirely to the workers to determine the rate of wages?—I think I do.

3117. You do not propose an Act of Parliament by which the rate of wages in each trade should be determined by the vote of the workers in the trade?—No, but it is left to the workers all the same. The workers decide the wages that are now taken.

3118. Decide in common with the employers and by mutual arrangement?—Yes.

3119. Is not that also the case with the hours of work?—I fear not. The normal working hours for mechanics in this country are 54 hours a week. Now these hours were obtained as the result of very strenuous work, hard fighting; no doubt about it. They had to spend an enormous amount of money, and they had to be subjected to frightful privations because of the determined hostility on the part of the employers. That is not so in every case, but generally speaking that

Mr. *Gerald Balfour*—continued.

is so. Therefore, the hours that do prevail, prevail because of the determined attitude taken by the workers which did not fit with the attitude taken by the employers. In the same way wages have been raised as I have previously said by organised effort.

3120. But then in what respect does the determination of the rate of wages differ from the determination of the number of hours worked. In both cases at the present time the decision of those questions is left to mutual arrangement between employers and employed, is it not?—Yes.

3121. You propose to alter that system in the case of the hours of work, but not in the case of the rate of wages?—That is so, because I do not think that it will be necessary to do it in the case of wages.

3122. So you propose to establish a difference where no difference exists at present?—To that extent, yes, although, of course, the Factory Acts really have decided very largely the working hours of a very considerable proportion of the men.

3123. But indirectly?—Indirectly.

3124. Is your reason for making a difference this, that employers are more hostile to a reduction of hours than to a rise in wages?—It is not for that reason, but because I am of opinion that the requisite force can be obtained on voluntary lines to bring about the requisite adjustment of wages provided we get the requisite reduction of hours.

3125. Might not the same forces be used to obtain a reduction of hours?—They might be, but I do not think it is so desirable a method. It has never impressed me as having the same degree of importance as the hours question.

3126. It is because you think it is more important that hours should be reduced than that wages should be raised that you advocate parliamentary interference in the one case, and not in the other?—Largely that, because I am satisfied that adequate attention can be given to the wages question when the hours question is settled.

3127. Now, many of those who advocate legal restriction of hours believe that one of the advantages of legal restriction would be to dispense with the necessity for strikes, is not that so?—I do not think that is very often set forth, although it would avoid strikes as regards the effort put forth to obtain the reduction of hours.

3128. That is what I mean?—Yes, in that sense, certainly.

3129. Now, if each trade had power to reduce the hours of labour, with a legal sanction behind its decision, is it quite certain that the employers would not retaliate by closing their establishments?—I do not think it is quite certain, but practically so.

3130. What ground have you for saying that?—Because I believe that the employers would immediately buckle to and begin to make the best of it, and the best would be a very good one too. I do not believe that industry would be seriously handicapped, and I do not believe that many of the employers so believe.

Mr. *Gerald Balfour*—continued.

3131. Then why is it that employers resist a reduction of hours at the present time?—It is their nature to. I cannot say much more.

3132. And you think that their natural tendency in that direction would be overcome by an Act of Parliament?—Largely.

3133. But supposing they were to meet the decision of any trade to reduce the hours by a notice to reduce wages?—I would still leave that to the workers to say, "There you are; "there are your organisations; now step in on "voluntary lines, and if you cannot hold your "own put up with it."

3134. Supposing that the workers in any trade had passed a vote reducing the hours of labour, say, from 10 to 8, and the employers thereupon gave notice that when this decision came into effect there would be a corresponding reduction of wages, and the workers were not prepared to accept that reduction of wages, what would ensue?—Probably a strike or lock-out.

3135. And the subject of dispute in such a strike or lock-out would really include the question of hours no less than the question of wages?—It would be directly brought about by the question of hours.

3136. So that in practice even an Act of Parliament cannot deprive the employers of a voice in the question?—No, not utterly; oh, dear, no.

3137. You cannot prevent them from exercising an influence with regard to it?—No.

3138. Now, is it not true that in America the laws fixing the hours of labour remain practically a dead letter?—I do not think they have had any law except for the State workshops. That was a dead letter for a very long time; I think it is being put into force now.

3139. There is only one country in the world, I believe, where an eight hours' day is the almost universal custom?—You mean Australia.

3140. Australia?—I do not think it is universal there. I think there are very many that do not work on the eight hours' system.

3141. The great majority work only eight hours, do they not?—I think it can be said that the majority do; but there are many sections that do not.

3142. Was the eight hours' day obtained in Australia by legislation, or by trade union action?—Mainly by trade union action.

Professor *Marshall*.

3143. I have some questions to ask you with regard to points similar to those on which Mr. Balfour has examined you, but I will endeavour to avoid, as far as possible, raising just the points which he has raised. Perhaps, as he asked, your views as to what would happen on certain special hypothesis, it would be well for me to take the other line, and to ask what your views are as to what actually would happen. I have here a short statement of what I suppose to be your opinions, and I would like to ask you whether I have got them right as a basis of discussion. Your starting point is that there is a surplus population of about 10 per cent. which

Professor *Marshall*—continued.

cannot find employment under the present conditions of industry?—Yes, I need not fix the per-centage particularly.

3144. No. The reduction of the hours of labour to 48 per week would have different effects in different trades you say?—Yes.

3145. And in some trades it would not diminish the output?—I would not like to say that of any one trade immediately, but in a very short period the output would be equal to what it is now under the nine hours.

3146. In others it would be diminished?—Yes, or what would be equivalent to the output there would be less work done.

3147. Yes. I use the word "output" for a short phrase, as meaning that?—Yes.

3148. In so far as it diminished the output it would absorb the unemployed you say?—Yes

3149. And you say in so far as it did not diminish the output, it would not absorb the unemployed?—Yes, generally I say yes to that.

3150. You further say that the result would be that in the trades in which a man did eight hours' work, there would not be less done, because the unemployed coming in would fill the vacant places, and would turn out as much as before?—Yes.

3151. So that the production would remain about where it is now?—Not quite that; production would be stimulated by the increased demand, which increased demand would be brought about by the purchasing power given to those who would be absorbed.

3152. There is, I think, a vital point in the statement of your opinions, which is that there would be an increased consuming power?—That is a vital point.

3153. You hold also that the absorption of the unemployed would tend to diminish unsteady habits of life?—I do.

3154. And that that would tend to diminish the unsteadiness of production?—I do.

3155. And you also hold that consequently we should have gradually through the increased wages and production a greater aggregate of production?—Yes.

3156. And that in some way that I do not quite understand this would accelerate improvements in the art of production?—Yes. Shall I forthwith make it clear in a brief statement?

3157. Yes; will you state merely your opinion, not giving it controversially, because we can discuss the question afterwards?—I take it for granted, judging from past experience that the increased cost of production which would ensue immediately it was applied, would stimulate invention, stimulate the application of improved methods of production.

3158. Thus there would be a double increase; there would be increase, because of the improvement in the arts of production, and there would be an increase in the total work done?—Yes.

3159. From causes before mentioned and from others in addition?—Yes.

Professor *Marshall*—continued.

3160. And then after a time there would be again a surplus of labour?—That is so.

3161. And then a further shortening of the hours would be both possible and advisable?—I think so. I did guard myself there by saying either a further shortening of the hours, or if the capacity to consume on the part of the mass of the people developed to such an extent that they desired to consume an equivalent to their increased capacity to produce they might then still continue to work the old hours.

3162. Now the simplest of these two cases is that of a trade, in which the reduction of the hours of labour would not diminish the output?—Yes.

3163. We might get them out of the way therefore. So far as those trades are concerned, the result I gather would be to do them neither harm nor good, but merely to make them hurry up their work and press more into each hour, is not that so?—Yes, and other incidental services would be rendered, which I feel you have in your mind, and which I need not trouble to emphasise.

3164. Now this is a side issue, but it is one which is of very great importance; your system as a whole depends on the change resulting in getting people out of their unsteady habits of work, and the getting people into steady habits of life?—I should not have felt it necessary to say that I am prepared to say yes to that, but I should not have felt it necessary to say that independently.

3165. Anyhow you regard that as very important?—Very important, and higly desirable.

3166. Do not you think that making a man do in one hour the work that, if left to himself, say as a peasant proprietor, with no master over him, he would have preferred to take an hour and 20 minutes over, has a tendency to increase feverish habits of life, which tend to undermine the social stability at which you aim?—Yes, there is a tendency, undoubtedly, in that direction. I should try to minimise that evil tendency by introducing forces that would have a counteracting tendency, and that should be stronger than the evil one. Taking away the manual labour might make them more able for continuous mental exertion or devotion to their work or to the application of an improved scientific knowledge.

3167. Do not you think that men are very differently constituted, and that if two men have the same amount of work to do in a day, one will be happier if he gets it all done in 6 hours, and another if he takes 10 hours over it?—I fear that is the case; but that system which I should look upon as desirable, if realisable, I do not understand to be possible in an industrial community like unto this. We cannot have men with these different dispositions working in mills under a regimental system such as we have and such as we are likely to have even to a greater degree. Therefore, not seeing any hope for that elasticity that will allow some men to take 6 and others to take 10 hours over their work I am obliged to meet the difficulties in other directions,

Professor *Marshall*—continued.

3168. Taking the special case of mining, has it not been said that, as it is, many miners hardly stop for their dinner at all, but go on with their work after a very short pause?—That is the case. That is commonly the case in the north.

3169. Is not it generally the medical opinion that habits of that kind tend to undermine the stamina of the race, and to bring about those nervous habits that lead to unsteadiness of life?—I should certainly say yes to that.

3170. Has not it been said that in many mines the way in which the eight hours' law would be met would be by the men giving up their dinner hour, and that many of the men would go on eating while at work and would go on working right through the whole of the 5, 6, or 7 hours that they have at the face?—Yes, I believe that has been said; and I believe that, therefore, but I think a question of that nature could well be left to those who are actually engaged in the trade, leaving it to their common sense to work just as stiffly as they thought proper.

3171. Is not there, in fact, a great deal of movement, backwards and forwards, by men going from one place to another for employment. A man will try working in one place and finding he does not like the conditions, which another man would perhaps like better, and then he will go to some other place?—There are very considerable changes in these industries that cover the country.

3172. And if there were a six hours' day in some mines and an eight hours' day in others and a ten hours' day in others, would not the tendency be for each person to be working just about that number of hours which, taking account of his habits of mind and character, was the best for him?—With mines under relatively the same conditions, did you mean?

3173. No?—Where the same amount of work per week could be turned out by men of the same capacity, do you mean?

3174. No, I do not want to introduce that condition?—I do not see the desirability or advisability of encouraging such a system.

3175. Do not you see it would be likely to have a great effect on the health and vigour, of the next generation. Do not you see, I mean, that forcing men to get through in six hours a day's work that they would rather have taken eight or nine hours over at the face, it would be likely to undermine the digestive faculties, and that, though that would not affect the present generation it would affect the vigour and working capacity of the next generation?—Certainly. I do not think much evil would ensue. I am not favourable, of course, to such a rushing system as would call from an average man as much work in six hours as ought to be done in eight. That ought to be dealt with under fair conditions, and I think that may be safely left to the men who are engaged in the industry. I am of opinion that the miners of the north, and I have some little knowledge of pit work, who are on a six and a half or seven hours shift would rather work right ahead for seven hours, and then have the longer time out than loiter about for an additional two or three hours, certainly I would. I would like to work effectively, sharp and smart, and then have leisure afterwards myself.

3176. I should expect that of you, but many others would not. Do not you think they should be allowed to go their own way—So far as that will fit in with the general well-being I would, but I do not think that that laxity suggested would tend to the general well-being.

3177. Anyhow, so far as it goes, it is an argument against a uniform day of eight hours?—Yes, so far it goes it is an argument against it.

3178. Connected with this preliminary point there is the question of the relationship between an hour of work and an hour of duty. Take the case, for instance, of a signalman who is on duty and must be ready to hear in case the electric bell rings, but who has no reason to suppose that the electric bell will ring for the next couple of hours. You said, I think quite fairly, that an hour of duty ought not to be counted as equivalent to an hour at work?—I do not remember saying that.

Mr. *Dale.*

3179. I do not recall it?—Was it this morning or yesterday?

Professor *Marshall.*

3180. Not this morning, the day before yesterday, I think?—We were discussing this subject yesterday, but I did not express myself in that way. May I repeat what I think I did say?

3181. Yes?—It was this. The question was as to the intensity of different kinds of labour, and I said I recognised the difference, and that it is reasonable to suppose that there should be different working hours. But I put the maximum at 48 a week for those who work under easy conditions, but urging that those who worked under more intense conditions should have a lower maximum.

3182. That is what I recollect exactly. You would propose then, that the maximum week should be 48 hours of duty, and not 48 hours of work necessarily?—Yes.

3183. And you think that a sort of scale should be made, not, perhaps, at once, but gradually, by which work should be graduated, an hour of work to count equal to an hour and a half of being on duty, or two hours, or an hour and a quarter, so that ultimately there would be for various trades 48 hours on duty, or in cases where the work was very intense, and, perhaps, for some, I think, you said there should be 36 hours per week?—Yes.

3184. That seems to be the only fair way of facing this fundamental difference between an hour of duty and an hour of work. But I want to ask you whether it would not be better first of all to clear the subject under discussion. We

Professor *Marshall*—continued.

have had much said about 48 hours of work being as much as a man can do, and if after all what we mean is 48 hours of duty, we ought to have it more clearly made out, and see what it is we are proposing?—I do think so. I am not quite sure, whether, by replying "yes" just now, I committed myself to this, that an employer might control a workman for six times 12 hours in a week.

3185. No. I understood you might control him for six times eight hours?—Yes.

3186. That what you think we should go for is, not a week of 48 hours of work, but a week of 48 hours of duty, and when the work is of such a character as to involve a much greater strain than that of being merely on duty, then the number of hours should be something less?—Quite so, exactly.

3187. Do not you think it would be better as a matter of procedure to face the question of duty first and to decide the hours of duty, to discuss and decide first what is the maximum number of hours of duty that should be called for, whether it should be 48 or 60, deciding at the same time roughly that you would count, say, an hour down in the mine of actual work at the face as equal to an hour and a half on duty, and thus consider what was the right meaning of work and duty in that way?—I think that is desirable, and in one case, I think, I have done that by saying that eight hours or six times eight for the week should constitute the maximum, and then come down according to intensity.

3188. Have you sufficiently separated your position from those who argue that the number of hours ought to be reduced, on the ground that 48 hours of hard work is as much as anybody ought to be called upon to perform?—Perhaps, I have not made that sufficiently clear, but I have for a long time always interpreted my own views, or tried to, on those lines, eight hours for the normal standard, or to use your phrase, which, I think, is a very good one, duty as distinct from work.

3189. All I am suggesting to you, and those who think with you, is that you should make more clear to the public what it is you are aiming at?—Quite so. I thank you for the suggestion.

3190. Now we pass to those trades in which a diminution of the hours of work would diminish the output. That change you hold would absorb the unemployed, the unemployed being the surplus under the present conditions of industry?—Yes.

3191. I think that is really the centre of the whole question?—Yes.

3192. Whether there is a surplus or not?—Yes.

3193. We will not take the condition of Ireland, that being different from the condition of England, and as so much of what we have said generally would not be quite true of Ireland, let us take the population as 30,000,000 on the whole?—Very good.

Professor *Marshall*—continued.

3194. There are, of course, very great differences of opinion as to how many persons there are actually unemployed in normal times?—Yes.

3195. You have given us your estimate, and we will take that estimate for the purposes of argument. According to your view then there is a population of 30,000,000, of whom, I think, you say 10 per cent. is surplus?—Under normal conditions I have stated 10 per cent. is surplus, or getting no work or only casual work, half of whom would be averaging two days a week, leaving 5 per cent. entirely out of work. That is what is stated here in this paper. That would be so under our present day conditions. But probably it is not so good as when I wrote that.

3196. Shall we take 5 per cent. of the 30,000,000?—It is immaterial, I think, for the argument.

3197. Take 10 per cent as the easier number to deal with. Then that would mean that, if there were not 30,000,000 in the country, but 27,000,000, all our difficulties would vanish, according to your view?—No, very far from that; because with the 27,000,000 there would be the same conditions.

Mr. *Dale.*

3198. Is it 10 per cent. of the population, or 10 per cent. of the male workers?—Of the male workers.

Professor *Marshall.*

3199. When you say you took 10 per cent. of the male population you took off 10 per cent. of the rest of the population?—Yes. I cannot endorse that argument that if we could emigrate 3,000,000 away all would be well. I cannot endorse that.

3200. I want you to define your position a little more. It seems to me that your argument would lead to this, that under the present conditions of industry there is work for the working part of the population of 27,000,000, and that the remaining 3,000,000, are surplus under the present conditions, and that we want to diminish the hours of labour, in order to absorb the workers belonging to that 3,000,000. You say that a diminution of the hours of labour would absorb them and from that I infer that if those 3,000,000 were instantly to emigrate we should all be employed fully, and that one of the causes of want of employment is the plethora of workers, and you say that by taking off 10 per cent. you would destroy want of employment?—The effect, I should say of sending away 3,000,000 of the population, would be to improve the conditions, temporarily, of those who remained behind, but immediately the old difficulty would begin to assert itself. To re-state how, I should have to again repeat what I have in effect previously said, that it is due to the methods under which the industries are now conducted, that in order to supply the demands of the community, trade is conducted on sectional lines, and thus the

Professor *Marshall*—continued.

fluctuations that takes place, render it necessary for the employers to dispense with the services of a number of the workers, and then the effective demand of that portion who are dislodged ceases. Then that has a damping effect upon trade generally, and continues to have a damping effect till stimulated by some other means, and one of the ways to soundly stimulate it, is to make such a re-organisation as will absorb them again into the ranks of the workers.

3201. Then when you say the population is surplus do you not merely mean that in this imperfect world it is not possible to make organisation so complete that every round man shall find a round hole just exactly to fit him?—I never did intend to say that if there was surplus population in this country, we should not make provision for them, or that we might not make an outlet for their energies. All I have intended to say is that under the present method of conducting trade there is this per-centage out of work; but I do hold that this country could make use of many more than we now have, and I do not admit that in this imperfect world it is just the case that there must be disproportion because of our incapacity to organise trade. I believe that we might improve upon it. We might not make it perfect, but I am making this amongst other proposals by way of improving upon the terms of the trade and industry of the country, believing that thereby we are getting a so much nearer approach to perfection than we have had as yet.

3202. I quite understand that you hold that we may improve gradually the organisation, but what I want to get at is how the reduction of the hours of labour would tend to improve the organisation of industry, except in that one point that I admitted, namely, that if a man is very much overworked he is likely to get into loose nervous habits of life and to be an unsuitable worker; that point I have admitted, I do not think it comes to much, but I will admit that. Beyond that I cannot see that you have shown (and that is what I want to ask you to do now) how the diminution of the hours of labour would improve organisation. Perhaps I should begin by asking you what you consider to be the causes of the present irregularity of employment?—The one fundamental cause, from my point of view, is this sectional organisation of industry. To give a practical illustration as to the effects that would be likely to follow upon a re-arrangement, I would say that thousands of those who are now workless in London, and who, in consequence, have no purchasing power, many of whom are dying, and therefore are no good to the community themselves, might be absorbed by properly apportioning the work to be done in connexion with the tramway system of London. That is just by way of giving an illustration. I think that no one would be seriously interfered with, but that these men would be placed in a position in which, obtaining wages, they would possess purchasing power, to the advantage of themselves and their families

Professor *Marshall*—continued.

and that would be a step in the direction of more effective organisation by putting a stop to the excessive working hours of those who are now doing work, and there would be a more proper and equitable apportionment of it between the total number.

3203. In what way would this shortening of the hours of labour improve, as you wish, the organisation of industry which would not result from a mere cessation to exist in the case of three millions?—The improvement would consist in this, that the men to-day who are doing the work are working what I think everyone in this room would call an unreasonable number of hours, and that is undesirable, and having other men available, it is desirable that we should minimise that which we now call excessive.

3204. Yes, but that does not quite answer my question, I think. Perhaps I may put it in another way, and ask you whether you admit the following to be causes of irregularity of employment that would not be directly affected by a shortening of the hours of labour: Would you admit that fluctuations of credit are the chief causes of fluctuations of employment?—They are a chief cause.

3205. Do you see how a diminution of the hours of labour would affect that?—Only in an indirect manner by affording the workers more leisure for mental development, enabling them to get a keener grasp than they yet have got of the basis of our present industrial system, and finding out how to improve it.

3206. There is nothing like leather; I think they ought to study more political economy?—I agree, saving that I should not allow that to be passed over in a light fashion, because to my mind that is one of the fundamental reasons why it should be advocated, and, although I also allowed it to pass over when you said "It is the "central point of the whole thing, is it not," meaning the surplus, I said "Yes," and thought it was judicious to do so, but to my mind a man is actuated by the desire for intelligence all round, and I want these fellows to have a chance of getting that intelligence, believing that they will contribute most materially to the improvement of the present condition of things. Therefore it is no joke with me when I say let us have more leisure.

3207. Then is not another cause, the uncertainty of how much of any particular thing would be wanted in a year?—I am sorry to say that there is considerable uncertainty due to this ineffective organisation.

3208. Does not that depend particularly upon changes of season, as that of a cold season or a wet season affecting the demand for particular classes of clothes; and does not it also depend upon fashion?—It does.

3209. Would the diminution of the hours of labour affect those causes?—It would tend in the right direction; it would not directly affect them but only indirectly.

3210. How?—On the same lines as I replied previously.

Professor *Marshall*—continued.

3211. By improving men first?—Certainly, by improving men first. I am prepared to stick to that.

3212. Then is not another cause, the uncertainty as to how much of total demand for any particular class of goods will fall to any particular firm?—That is very uncertain.

3213. Do you see how to diminish that uncertainty; do you see how the diminution of the hours of labour would diminish that uncertainty?—No, I never proposed that it would.

3214. Is not another cause the uncertainty of success on the part of employers, and of life and health and mutual agreement on the part of employers and employed in relation to industrial agreements?—Yes, that is another cause of dislocation itself.

3215. Would the diminution of the hours of labour affect that?—Yes, I think so.

3216. How?—Because many of the difficulties now take place in consequence of excessive hours and the evil consequent thereon.

3217. You mean that there would be less things to contend about?—Yes.

3218. But so far as the incentives to success on the part of employers go that would not be affected?—No, I do not say that it would.

3219. Permanent employment was given to slaves because if there was nothing worth for them to do they were set to do something not worth doing?—I believe some such system did prevail.

3220. But as soon as people began to be paid for work instead of being whipped to work, irregularity of employment began?—Yes.

3221. I suppose you would admit that irregularity of employment exists in the most civilised nations?—I am sorry to have to say, yes.

3222. And you would admit that on the whole it has steadily diminished through the course of history?—I am not prepared to say "yes" to that, and I think the proportion is as much as it was. When I find a highly organised trade like that of the iron founders, for instance, issuing their monthly report for this month saying that they have 19·1 of their members in receipt of benefit, it does not commend itself to me that there is much of a diminution.

3223. It is a side issue, but perhaps I had better turn off on to that point. The statistics of the iron founders, which are the most handy trade statistics for this purpose, have been quoted so much that it would be advantageous if we followed the causes of want of employment amongst the iron founders?—The general depression is the cause given.

3224. Are not the causes chiefly special to the trade?—I can scarcely say "yes" to that, although corresponding trades in connexion with the engineering industry do not suffer quite to the same extent. The pattern-makers is one of the contributory trades that do suffer equally, and they are suffering now.

3225. Is it not a fact that the iron founders have suffered more from the introduction of machinery than any other important trade?—I do not think so.

3226. Is it not a fact that at a time when more iron founders were out of employment than at any other time there was a notice in the Ironfounders' Monthly Report that unskilled Irishmen were earning 10*s*. a day for hammering away at machines in the foundry?—Yes, but there is very little work (I think I am correct in stating this) done by the members of the organisation that has been taken away from them.

3227. Is not that contrary to the opinion of the members themselves?—I will not pledge myself to it. What I understand to be the case is that those men who have not been members of the organisation to which we are now referring are connected with that department of the industry where the machines were made use of most. Still I am not saying or intending to say that improvements in machinery have not contributed towards this large number being out; but taking the number that are now out of work and comparing it with the number that they have had out of work any time these 10 years, then the whole statement is a shocking one and one that will not warrant me in saying that matters are improving. When I find that an organisation like that has 17 or 18 per cent. of their men unemployed, and in receipt of benefit, that does not justify me in saying that things are getting more hopeful.

3228. So much has been made not only now but during the last 10 years of the history of the iron founders that it may be worth while to push the point a little further. Is not it true that the iron founder proper is a highly skilled artisan with very delicate instincts and generally very fine fingers; and is it not the fact that they have very careful and exact touch?—He is a very skilled man.

3229. And is not it true that he would be physically incapable of doing the work by which the Irish navvies were earning 10*s*. a day?—Oh, no. He would not be incapable of doing it. He would not have the will.

3230. Are you sure that they do not themselves say that they could not do it even if they wanted to?—I will not be responsible for anything that they have said.

3231. I have heard them say that that is the case?—Yes.

3232. Is not it the case then that the position of the iron founders just at the present time is rather like that of the hand-loom weavers some time ago when the power loom was pushing its way?—If it should be thought advisable I will leave the iron founders and take the trade I am connected with myself. I have had the pleasure of subscribing in order to keep 9,500 organised men out of work myself. That is not good business, and I cannot on the strength of that say that there is a very large diminution of the numbers of the unemployed.

3233. But many of those have grey hairs?—They are included in the superannuation, but I have not included them in the numbers I have

Professor *Marshall*—continued.

given. The superannuated members are chiefly grey-haired men.

3234. Have not they more white hairs?—I will admit that there is a proportion of the 5,400 or so, which I have mentioned, who, because of their years are at a disadvantage, but that does not detract from the force of my statement because there are strong healthful young fellows in the vigour of life who are wanting a job and cannot get it. When they were absorbed it would be time to ask, is not one cause due to the fact that those men are getting on in years? But I say that as long as a young skilful fellow is there and cannot get a chance of work, it is no use talking about the elderly men being there.

3235. Is not it true that our opinion as to the want of employment is mainly or to a great extent derived from trades union statistics, and that the trades union statistics for comparative purposes are somewhat vitiated by that fact of the rule with regard to the local minimum being more strictly adhered to now than before. A man whose hairs have just turned grey has a greater difficulty than he had before in getting employment?—A man whose hairs are just turned grey certainly has a greater difficulty, but I do not think that need affect our general contention whilst young men are out of work which is the case and has been the case any time within the last 10 years.

3236. It affects it surely because the number of those who are out of work has increased?—I do not think it does because there are young men capable of doing it, and if they get a man at all it makes no difference to the number. If there is a man 45 years of age, he would be considered an elderly man in the engineering trade now, I am sorry to say, and when that is so, the employer says to him: the time has come for us to part, and a young man steps in his place; therefore the proportion is the same.

3237. Yes, the proportion is the same, but is it true that there are a number of men who, were it not for this rigid rule that they have in the engineering trade now, that no concession is to be allowed for elderly men, since they would have the requisite knowledge and connexion with the trade, be able to use their hands and their minds in a useful way and get employment?—No, not unless they dislodged somebody else.

3238. That is supposing that there is a certain amount of work to be done?—Yes, and it happens to be the case in a trade like the engineering trade.

3239. I will not discuss that point now. But as to the trade union minimum, do not you think that if a large trade fixes upon a local minimum for every class of work, some of which is of a very elementary character, that the result must be for the wages to be fixed sufficiently high to tempt not a very high class of men in time of good work, and to throw them out of employment in times of bad work because though they were worth something they are not worth the minimum wages?—There is a tendency in that direction.

3240. Do not you think that a considerable quantity of the present want of employment could be taken away at once by greater discrimination in the application of the trade union minimum?—No. I do not think it could, and I say that as one who ought to know exactly what is going on. I know the shops where this kind of thing is applied in various parts of the country, and I do not believe it would make half of 1 per cent. difference, and I question whether it would make a quarter of 1 per cent. difference because men of every degree of skill are available.

3241. But some of them may have something a little against them?—If so they clear out, and another man who has not that little something against him is there, always available. There is not an engineer's shop out of the 600 in London that cannot have a qualified man of any age to day. There is not one of the 600 engineer's shops in London to day who would be in want of skilled men to suit than in connexion with any department of their trade, and who could not get them at any age.

3242. He would not be necessarily accustomed to their special branches of work?—He would be sufficiently accustomed so that he could walk right in and never having seen the drawings used before, the foreman could place them in his hands and say, there is the drawing, work to it.

3243. We have been over the chief causes of the irregularity of employment, and we have your opinions as to the extent to which the diminution in the hours of labour would remove those causes?—Yes.

3244. I want you now to come back to this and to sum up, in what way do you think that a diminution in the hours of labour would permanently diminish the irregularity of employment?—It would not permanently diminish the irregularity of employment. I have never made such a proposal as that it would. On the contrary. In effect I said yesterday and if I was not sufficiently explicit I will say it now, that immediately that step was taken, supposing it were taken, the old difficulty would begin to be created, and therefore I came forward with other proposals saying that both parties to the industrial system must try and approach each other with a view to neutralising the evil effects of want of employment and distribute the bad effect of declining trade over the whole of the persons engaged in the trade. That was because I was fully alive to the fact that a mere reduction of the working hours question from nine to eight would not meet the difficulty.

3245. We have got to this, we have assumed for the sake of argument that the reduction of the hours of labour would increase the employment for the time being, but yet it would not

Professor *Marshall*—continued.

bring about a permanent diminution of want of employment or unsteadiness of employment?—Yes, I endorse that.

3246. But only indirectly you say in so far as it acted on men's character?—That is so. That is, acting on men's character to qualify them to take other and further and more important action.

3247. But you say that if it ended in itself without changing men's character, it would merely fill up the ranks temporarily and only would take away the unemployed for the present?—For the present. Its good effects would be temporary.

3248. Yet the evils of regulation forcing people who might prefer to do their work more slowly, to work faster, these evils would be permanent though the benefit would be temporary?—By passing from one man to more you mean as I understand.

3249. The evils that such a regulation of the hours of employment would inflict in forcing people who prefer to do their work leisurely to take it in a hurry would be permanent though the benefits would be temporary?—I should not like to admit that in every case where a man who desired, say, ten hours instead of eight, to do his work in it was always an evil. He should be encouraged to do it in eight. I think in many cases it would be desirable that he should develop a higher degree of efficiency, but he could develop that degree of efficiency without unnecessarily straining.

3250. But still in so far as it was an evil that evil would be permanent while the benefits would be temporary?—Yes.

3251. Then I should like now to get to understand a little more clearly in what way you think that a diminution of the hours of labour would temporarily absorb the unemployed. I think you took the tramway industry as one?—Yes.

3252. There is no doubt that if the hours of labour in the tramway industry were diminished no man could do very much more than he does now per hour?—Very little more.

3253. And, therefore, if the present system of trams were maintained there would be a demand for more drivers and conductors?—Yes.

3254. But is there anything in the nature of the case to determine the number of journeys that are made for a given line of trams. Could not they be diminished?—I do not quite follow that.

3255. Would not it be likely that this change would make the tramway companies say: "It "does not pay to run so many trams, so we "will run fewer, and get those few to carry "more passengers: but the wages have risen so "high relatively per mile to the fixed charges "that now we will run fewer trams"?—Yes. I think it is quite possible that such a pressure might be applied, and I should not object to it being applied.

3256. And would not Bills for laying down new trams before Parliament be many of them withdrawn?—I should not think so.

Professor *Marshall*—continued.

3257. Is not it a very close question in many cases whether it is worth while to make a particular tram line or not?—Yes, I believe it is.

3258. And would not this probable increase in the wages bill determine people in many cases not to proceed with them?—It might possibly in some cases, but I should say that there will be an increasing demand, and that this would, in the aggregate, stimulate that demand that the reduction of working hours brought about would contribute to the general good condition of the average worker who uses the tram, and there would be more likely to be an increased demand rather than a reduced demand.

3259. We will get to the increased demand, perhaps a little later, but for the present is it not true that an increase in the wages bill would be likely to make employers diminish the amount of work done for them in the tramway industry and in other industries?—That would depend upon the amount of profits made. As I have admitted in some cases in connexion with trams, there is a consideration whether it is worth while to lay down the line or not, and run it; but in some instances, and I do not think there are many, this might be the deciding point to cause them to decide unfavourably with regard to the establishment of the line.

3260. Why do you think there are not many?—Because I believe that the average tram-line pays very well, or could be made to pay very well if it were properly conducted.

3261. I thought you meant there were not many industries of that kind?—No.

3262. Do you not know that there are many industries in which an increase in the wages bill would cause employers to fail in business?—No, I do not think there are many. I think there would be very few indeed when compared with the aggregate industries of the nation.

3263. Could you give any reason for that belief?—This reason, that all the staple trades are paying fairly well. Many of the smaller trades are also paying well, and it is not at all probable from my point of view that the employers would withdraw in consequence of the slightly increased cost of production

3264. I am not talking of their withdrawing altogether, but of their abandoning production with regard to cases in which they are now in doubt as to whether it quite pays or not?—Quite so. Taking that phase of the question I do not think it would prevent them. I think there would be more industries stimulated and, in a sense, created, than there would be thrown out of gear.

3265. I would rather keep to the question of increased demand off for the present. Do not you think there would be many industries thrown out of gear?—I do not. But I do not see how I can properly reply to your question unless I am allowed to take into consideration that increased demand that I contend would ensue. If you debar me from using that as an argument then I think I must say I think there is a considerable proportion that might be interfered with seriously.

Professor *Marshall*—continued.

3266. Then we, perhaps, had better go to the increased demand. Why do you think there would be an increased demand?—Because I believe that the facilities for production would be enlarged considerably. I believe that production would be stimulated, the methods of production would be improved upon, and concurrently the capacity to consume would also develop.

3267. Yes. But we have not got improvements in methods of production yet, have we?—I must get to that in order to reply to your question.

3268. No doubt if any change would improve the methods of production it would increase the wages all round. But I do not see how you get there. We have got this, a diminution in the hours of labour in the trades of the tramway class——?—Would you have me confine my remarks now to the aspects of the tramway class of trades other than those of production.

3269. To trades in which it is not true that the output would remain stationary but would be kept up in spite of it?—Yes.

3270. We shall want a name for them so we had better say industries of the tram class?—I shall understand that.

3271. That is those in which a diminution in the hours of labour would diminish the output per man. I want now to know how such a diminution would increase the demand?—Such a diminution in that particular trade if cut off from the other trades would not——

3272. From all trades?—If cut off from the industries of the nation generally, and the people engaged in them, then I do not see that the demand would be increased. The demand would only be increased, therefore (I find a great difficulty in separating this class of trade from trades generally), by the greater capacity of the public generally to utilise these improvements.

3273. I do not need to cut off any particular class of trade. I will ask you to consider what would be the results of a general introduction of the 48 hours' system per week in all trades?—In all trades?

3274. Yes?—Then my reply is that because purchasing power would be given to many who have not purchasing power now, the tramway companies, in common with other companies would derive a share of that purchasing power.

3275. Where would the purchasing power come from?—In many instances, I believe, it would come (speaking now of trades in the aggregate) from employers' profits. Possibly it would affect interest. In some cases it would affect rent, and in other cases it would be the direct outcome of more efficient production.

3276. Well, we will put off the more efficient production because we have not got there yet. Putting that aside I cannot see that you have indicated any increase of demand, but merely that certain workmen would, in your opinion, get more wages, certain profit-receivers less profits, the wage-receivers would buy more, and the profit-receivers would buy less to exactly the same amount. Where is the increased demand?—The increased demand would be felt in certain circles in which it was not felt before, and to some extent it might be felt adversely where it had been felt and I think that re-distribution would be conducive to the general well-being.

Professor *Marshall*—continued.

3277. The re-distribution might be, but would it be anything more than a re-distribution; would it be anything more than taking off the demand, say, for some kind of velvet, and putting on a demand for some kind of rough cloth, say?—Yes there would be an increased demand.

3278. Why?—You are not debarring me from raising that point now, are you?

3279. No, that is the point I wish you to go into?—There would be an increased demand because of that latent demand that now exists on the part of the workless being made an effective demand.

3280. I still do not see it?—We are speaking of trades in the aggregate I think, not only tram trades and similar ones?

3281. Yes?—Therefore, I think that I have this morning said that the result would be that men would be brought into contract with the raw material out of which value is created. They are not creating value now and the re-organisation though the regulation of working hours would enable them to become wealth producers and therefore they could become wealth consumers.

3282. We have got this, the hours of labour diminished, the output per man employed diminished in a large class of trades, other men taken on to take their places, these new men getting wages which we are supposing for the sake of argument do not come partly out of the pockets of the old wage-receivers but come out of profits, the result, more demand on the part of wage receivers but since these extra wages have come from profits would there not be an exactly equal diminution of demand on the part of profit receivers?—I have not admitted that it would come entirely from profit or from land or from interest as I will emphasise and as I can and do again emphasise, the increased value that would be produced, the increased production by the workers being afforded an opportunity for exercising their energy.

3283. Will you say why the diminution of the hours of the worker would cause an increase in the aggregate amount of production. If it would, then, of course, I concede everything?—A decrease in the hours of work on the part of those who are now working, affording an opportunity for those who are workless to be brought into work, and their energies to be made productive it seems to me gives the answer to your question.

3284. But why would the stopping of one person's work cause another person not only to make up the deficiency but to go beyond it?—Because there would be an increased demand in consequence of the purchasing power being obtained by an increased number of persons.

Professor *Marshall*—continued.

3285. But in order to prove that there was this increased demand I was asking you to prove that, and now you give us as a reason that there would be this increased demand. Are not we arguing in a circle?—I will repeat the statement in another form, I will repeat the statement which I desire to emphasise. Workers are now workless; they cannot obtain an opportunity of creating value by the expenditure of the mental and physical energy they possess. The re-arrangement proposed in the shape of re-adjustment of working hours would afford them an opportunity of becoming purchasers because of the purchasing power created by their being brought into contact with the raw material, that is the point that we have to consider. If that is no point I shall be glad to learn it.

3286. What I understand is this: I will take the trams as an illustration, and it is as good an illustration as any other; you have no objection to the trams being taken as an illustration, have you?—No, that will serve.

3287. On a certain line suppose there were 20 men employed before the reduction of hours, and after the reduction of hours there are 30 men employed; I think the old 20 get, on your supposition, as high wages as before?—Yes.

3288. The new 10 do not gain at the expense of the old 20, that is your position, I think?—I have not said anything contrary to that, so that I am prepared to take it that that is so.

3289. The new 10 are paid wages we will say 300*s.* a week in all, that is 30*s.* per head, or 15*l.* a week, which may come out of a rise of the fares; or if they are not raised, then out of the income of the tram proprietors? Take the case of the fares not being raised first. The fares are not raised. The 15*l.* now is taken out of the pockets of the tram proprietors, and they spend 15*l.* less. The tram drivers and conductors take 15*l.* more, therefore the demand is, from my point of view, unaltered. What is your view?—The demand is as it was. Confining attention to those trades I am prepared to say yes. The demand is as it was. It is simply a re-arrangement, but I do not admit that that would be the case when distributed over the productive work of the country.

3290. I thought you did not object to the trams being taken as a representative industry, but I will take any other trade you like; take the cloth producers, or even your own trade?—Yes, I would consider several trades. I would suggest this, that if those who are workless to-day, perhaps some 70,000, say, in London, the majority of whom possess the requisite qualifications for producing value, can be brought into contact with the raw material, a re-adjust- of the working hours will make it possible for them to be brought into contact with that raw material, and they will create value by their leisure. This will enable them to make an effective demand for furniture from the cabinet-makers, for clothing from Yorkshire, and ditto with regard to the provisions and as to house-hold requirements, and in the same way they would affect the tram lines and every other means of transit.

Professor *Marshall*—continued.

3291. I want to go over the same ground step by step. You do not like the illustration of trams, but take some other trade?—I like the illustration of the trams to serve its purpose, but it cannot serve for a general purpose.

3292. Then take another trade that you think not open to the same objections?—Take the baking trade, food.

3293. Very well; suppose that in any particular place 50 more baker's workmen are taken on in consequence of the reduction of hours of labour there, and they receive between them 70*l.* in wages, which is not taken from the wages of the other working bakers, but comes from the profits of the master bakers, these new working bakers spend 70*l.* a week more, and that is making a demand for tram fares and other things to the extent of 70*l.*, but the master bakers have lost exactly 70*l.* of purchasing power; wherefore there is a mere re-distribution and no increase of purchasing power, is not that so?—A mere re-distribution and no increase, showing again the unadvisability of dealing with that subject on sectional lines.

3294. But I am supposing the change to be simultaneous in all trades?—Then the argument is not applied in the same way.

3295. But that is what I want you to show?—The argument loses its force, that is the one you have suggested by your question. It seems to me it loses its force when we cover the entire trades of the country.

3296. But I want to know where the particular point in that argument that I have gone on, is wrong. The working bakers get 70*l.* a week more, that is to say, 50 more working bakers come in and get 70*l.* a week, and spend it in making a new demand for goods, and that 70*l.* comes out of the pockets of the master bakers, and they therefore have to withdraw an old demand for exactly 70*l.* There is therefore, in my view, no change in the aggregate amount. At what step is there a change?—Again, it seems to me, I must repeat what I have said, but perhaps I can put it in another form. It is the same argument that I used when I said "If this be no point then I shall be glad to learn it."

3297. I want you rather to point out what fallacy there is in that particular argument because it claims to be conclusive?—I want to see human energy get to work upon the raw material to create and give value, a portion of which value will come to those whose energies have been set free to engage upon it, giving them what they require, and allowing the requisite margin of profit and interest if need be, for we are under a condition of things in which profit and interest are allowed.

3298. But we are not supposing that more bread is baked?—Oh, yes. I want to suppose that more bread is baked. I must contend that more bread would be baked because of the increased demand, which demand is made possible by the opportunities of the workers for

Professor *Marshall*—continued.

getting into contact with the raw material. That brings it to this again, simply an improvement upon the present methods of organising industry.

3299. But do not you see that what we are trying to find out is whether a diminution of the hours of labour would cause an increased demand?—I may say distinctly, yes, because it would improve the present organisation of trade.

3300. And what you say is, if I understand you rightly, that there would be an increased demand because there would be an increased production, that increased production being to meet the increased demand; that seems to me to be arguing in a circle?—It may; but it seems to me to be perfectly sound. For instance, if by some means I was possessed of the requisite capital and could get in contact to-day with some of the workers in the east of London, I would tell this class to make furniture, and this class to make bread and other articles of trade, and to engage in other departments of trade. I would say "Here is the workshop "accommodation, here are the tools, and I "advance what is requisite for your sustenance "whilst you are creating value here." If a man was creating value to the extent of 2*l.* per week I would say, then surely it is advisable to get that which he had created, leaving a margin for managerial expenses. There would be a new industry created, so to speak, and not interfering with and detracting from what other people had been doing before. It would be making their latent demand an effective demand. I may say that a re-adjustment of the working hours would practically do that without taking that special step that I have suggested might be taken.

3301. I am afraid I must not stay longer over that point, but I will ask one question more only, and that is, you have said, I think, that wages are governed by the organised demands of the workers; the total produce of industry goes to the owners of capital, and land after deducting those wages. Am I interpreting you rightly? You say the total produce of the country goes to the owners of capital and land after deducting those wages which are obtained and governed by the organised action of the workers?—Yes, or action corresponding to organised action.

3302. Supposing that trade is not organised and that an employer, by adding an additional man, can get something that he can sell for 10*s.*, and supposing that for raw material and plant, and so on, the cost will only be 2*s.*, will not it then be worth his while to offer either 8*s.* to that man or as much as will be left of 8*s.* after deducting a little for extra trouble, say, 7*s.* 6*d.*?—Worth the employers while?

3303. Yes?—I think it would be, but he does not seem to think so, as a rule.

3304. But is not the whole of the employer's mind occupied with considering whether he cannot find out some way of employing people so as to get from the sale of their products just a little more than will replace his outlay in the way of profits?—The effect upon wages is this, according to my experience, that no employer, irrespective of profits, voluntarily advances wages.

3305. I did not ask whether he advanced wages; what I meant to ask was, whether he is not on the look out for seeing whether he could not extend his industry profitably?—Yes. I believe his mind is engaged in that way, and it is one of the most startling anomalies in civilisation to my mind that he should make such a big mistake over the business, and I wonder why he should concern himself about people wearing a bit of linen in Africa rather than concerning himself about how to raise the purchasing power of the people here. By that I mean that I cannot quite follow why employers of labour, as a rule, devote their mental facilities to thinking out how they can extend their sphere of operations with advantage, and I cannot understand why they go so very wide of the mark, and that is one of the biggest anomalies I have ever met with, and it is difficult for me to understand.

3306. But if in consequence of the internal difficulties in the trade, or from any other reason, a particular trade is not organised and each man has to make bargains for himself, it is not then true that an employer who could see his way to getting for 5*s.* a man to produce an article which he could sell for 10*s.*, out of which he would only have to pay 2*s.* for general expenses and raw material would say, I will have that thing made, I will go into the market as a bidder for labour?—Yes, if he was convinced that he would obtain the requisite value, or that he would purchase labour cheaply by paying relatively a high wage. Then independently of trade union action the voluntary action on the part of the employer would be the means of wages being raised, I quite admit that.

3307. Is it not a fact that wages have risen nearly uniformly in organised and in unorganised trades. Is it not true that there has been very little increase on the average in the wages of organised trades relatively to that which has taken place in unorganised trades?—Yes, that is so, on the average, but that still leaves it true, according to my mind, that the organised effort first put itself forth and set the pace and made it easy for the others to follow and obtain similar advantages without actually organising.

3308. Why?—Because it developed in them a spirit which enabled them to make application and to take concerted action, sometimes spasmodically, but at any rate making them agree to act together for the time being, which action immediately had the effect of organisation. But in nearly every case the organisation was the cause, the combined action was the cause.

3309. Does what you say go any further than this, that if any race of workers are so spiritless as to take what is given them without question, it may be a good long while before capital comes into the trade to raise their wages to their fair competitive value?—It does not amount to very much more, I admit that, but the organisation is that which has shown the spirit, in this country that has been the means whereby the spirit has been exhibited.

Professor *Marshall*—continued.

3310. But are there many trades which have been so entirely without spirit as to make no attempt to better their condition, because they are without organisation ?—No effectual attempt.

3311. No effectual attempt; do you think that is so ?—I think there are many trades in this country, that there is a considerable proportion of workers in this country who have never been able to make anything like an effective demand for improved conditions.

3312. Do you think there are many trades in which, if it became clear, that the employer were getting rich at a very great rate, and paid 5*s.* for labour that was worth to them 7*s.* 6*d.* net; do you think there are many trades in which the men would not look out for other employers ?—If it were not so, the shocking wages that are yet paid in this country would not be a fact. There are wages in this country now paid of so scandalous a character, that I do not know what other explanation to offer.

3313. But is the margin great in those trades between the wages paid and the net amount received by the employers ?—Sufficiently great to warrant a very considerable advance in wages. I most thoroughly and earnestly believe that.

3314. You are an ardent co-operator, I believe ?—Yes.

3315. Is not the way to make co-operation effective to apply it in production as well as in trade ?—Yes, and they will go in for that undoubtedly.

3316. The engineers have tried it already, have they ?—Yes, they have made a fairly good show.

3317. Yes, but have not they found the profits were in practice a little less than in imagination ?—There are special reasons why they should be so. They have been handicapped as compared with employers who have had a training in running just one industrial machine, and having no other object in view. I still stick to the point I stated at any rate, that many groups of workers in this county are receiving a shockingly low rate of wages when the profits taken by the employers warrant a considerably higher rate of wages being paid.

3318. Do you think there is a large proportion of workers in this country under those conditions ?—That is a very vague term, a large proportion, because I should call anything large if there were 200,000 or 300,000, I should say that was too large.

3319. But should you say if there were one-tenth working under those conditions that it was large ?—Yes, quite so, unhesitatingly.

3320. I must not detain you longer with questions on the labour bureau and the arbitration scheme, but I may say, perhaps, that I agree with very much of what you have said. I would like to ask you one thing, and that is whether what you have said with regard to the Government arbitration scheme is not likely to be a little misunderstood in regard to your use of the word arbitration. Do not you really mean "mediation." Do you really mean compulsory arbitration, or do you mean compulsory mediation ? — I meant conciliation, mediation, and if need be arbitration.

Professor *Marshall*—continued.

3321. I am only asking now this question in order to get at what your opinion really is. Is not what you want that under certain circumstances (and you have detailed the circumstances) an authoritative inquiry should be made into the causes and circumstances of an industrial dispute, and an inquiry held in public, and the opinion of those who made the inquiry published. You said that opinion should not generally be enforced ?—No.

3322. You said the mere publication of it would often be sufficient ?—I did say so.

3323. I entirely agree with you, but is not there a proper name for that, and is not it compulsory mediation ?—Quite so. What I did not say, and perhaps ought to have said, and which I will take this opportunity of saying, is this: that I wanted that that board should hold themselves prepared to arbitrate if called upon to do so.

3324. Yes, but what you want is compulsory mediation ?—That is so.

3325. With voluntary arbitration ? — Yes, with voluntary arbitration.

3326. Arbitration only at the request of both sides ?—Yes, that is so.

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3327. I do not want to go over old ground, but there are one or two things I do not quite understand in some phrases that you have used. You have spoken of bringing the unemployed into contact with the raw material. I suppose you do not mean raw material in the strict sense of what is absolutely unmanufactured, but whatever is in a state in which it is capable of having greater value given to it by human labour ?—That is so.

3328. Then do you mean material which in the existing state of things is being worked up, or material which is not being worked up ?—Either.

3329. Then do you think there is any considerable quantity of material which is, so to speak, lying idle under the existing state of things, and can be profitably worked ?—Yes, I do.

3330. But if it could be profitably worked, is not it to the interests of both the employers and the employed to work it up ?—Yes.

3331. Then why is not it worked up ?—That is rather a stiff question for me.

3332. I know it is, but I think it is a most important question ?—Exactly; all I can say is that the interests do not seem to fall together in that particular way that makes it possible for them to avail themselves of the opportunity which is lying there. I do not think anyone with a knowledge of the facts would suppose that we could not get much more from the land of England than we now are getting if we would allow every able-bodied man to get access to the land, and be able to cultivate it effectually.

3333. When you speak of getting more you mean getting more under conditions that would make it worth while, do you not ?—Yes, and it would be made worth while to my mind immediately a man produced more than he required to take; that is, if a farm labourer should be

Sir *Frederick Pollock*—continued.

represented by 1*l.* a week and he could produce that 1*l.* a week, and give that value to the land, and sufficient for managerial expenses then that in my opinion would be sufficient, and if he could in addition create something for profit, and something for rent and something for interest that would show that it would pay much better.

3334. But there must be a point where the profitableness of the operation stops. For instance, there is very little land that you could not make a garden of by putting manure into it, and turning the soil over and so on, but you do not say that all the soil in England could be profitably turned into gardens. Take a given piece of the land ?—I am strongly impressed with this view, that there is scarcely a county in England that is properly cultivated, and I think there are many counties that are so shockingly cultivated that they are a disgrace to the agricultural authorities or those who are responsible for the conduct of agriculture, and I make that statement on the strength of having carefully observed what is done under varying conditions, and what is being done now in certain counties of England by working men who are allowed to get under fairly good conditions in contact with the land and make of it what they can.

3335. But then in order to get the best men at work upon the land or anything else you want something more than merely giving work to the people who have not work now. You want to get the right men for the right work ?—Yes.

3336. But still the addition of a number of the unemployed to the people who are employed now would surely not produce that effect ?—I do not think there would be any difficulty in making use of the energy that is now lying latent.

3337. But you would want a great deal more organising besides simply finding a certain amount of work for the people who have no work now, by shortened hours of labour or by increasing the demand or in any other way ?—A great deal more organisation.

3338. Of some kind. You want to give men an interest in their work and to get the best kind of work done in order to make a larger margin for profitable work than there is now ?—Yes, all that would follow if they were simply allowed the opportunity of getting work. The people who are unemployed are not people who do not want to work, but they want to get the chance to work, and the vast majority have full capacity and will to work.

3339. You think there really is work which is not done at all now and which could be profitably done if only employers and employed understood their own interests and could be brought properly together ?—Most certainly I do.

3340. That is your view ?—Certainly I do think so.

3341. You think that the most obvious immediate way to produce some of that result is to shorten the hours of labour and thereby create a demand for a greater number of workers, do you think that ?—I do.

Sir *Frederick Pollock*—continued.

3342. Now, as regards the increased consuming power which you would expect to arise from a shortening of the hours of labour and a consequent increase of the number of persons employed, I would just, very shortly, put Professor Marshall's illustration in a varied way. Suppose that in a given town there are bakers and tailors, and that the hours of employment are shortened in both cases, then there would be more journeymen bakers employed and also more journeymen tailors employed, and a certain amount of wages would be paid to these new journeymen which they would have to spend; that is what you say ?—Yes.

3343. And the bakers will want more cloth and the tailors will want more bread ?—That is what I say.

3344. To that extent there would be an increased demand for both cloth and bread ?—Yes.

3345. That is so, is it ?—Yes, that is so.

3346. But these increased wages would come, you say, out of the profits of the master bakers in the one case, and out of the pockets of the master tailors in the other case ?—Not necessarily so; in some cases I said it would.

3347. But they must come out of something ? Yes.

3348. What are they to come out of ?—I have spoken of the increased value created.

3349. But we have not got our increased value yet. Take it that the thing is starting in this country for the sake of argument, then those wages for the new journeymen have to be paid and they must come out of something ?—Yes, they would have to be advanced of course from that which is already possessed. If the absorption takes place, if the eight hours takes place, so that those who are now employed, who are say, 6,000, should be increased to 6,500, or something like that, then they would have to advance that sum from that which they had, and they would very soon get recouped for it.

3350. But until they have been recouped, which perhaps may not be so very soon, the master bakers and the master tailors will have less money to spend ?—Perhaps so.

3351. Then they must either spend less or save less ?—Yes.

3352. And until this process of recoupment which you speak of has taken place there would be no increase in the consuming power, because what the journeymen gained the masters would have lost ?—There would be a falling off in one direction, but a stimulus in another direction.

3353. You think there would be a sort of general stimulation which on the whole will leave a balance to the good ?—I do.

3354. Then as to the more immediate effects of shortening the hours you would propose a maximum in each trade, but are you not afraid that the maximum might tend also to become the minimum; that the employers would say "Parliament, or the local option of the trade "sanctioned by Parliament, has fixed eight "hours of labour, and if Parliament thinks eight "hours not too much we do not mean to discuss

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"anything else being enough. If you want less "than eight hours you must go to Parliament "again. You have chosen the method of com-"pulsory powers from Parliament and you must "not expect us to consider any voluntary ar-"rangements." Should not you think there would be some danger of a fixed legal maximum causing quite as much friction in that way?—I think there would be a tendency in that direction, but I do not think there would be any danger of any such action being taken.

3355. I was not speaking of such action being taken, but of action not being taken; I was suggesting the fixing of a legal maximum of work making people indisposed to consider any further voluntary reduction?—I do not think it would. I thought perhaps you covered the cases of those who are now working less than eight hours and who would be forced back to eight hours.

3356. No, I was not suggesting that?—Then I do not consider there would be any danger in either case.

3357. You do not think that the existence of a legal standard would be to some extent a check on the improvement of the standard. I admit that other things being equal it is an improvement and I suppose we all do, but you think there would not be any check to the improvement of the standard of hours and work to be got by further voluntary effort?—I do not. I think there would have been efforts put forth in order to come to an understanding on the part of trades working in the intense fashion to get a lower standard than eight hours.

3358. Now you seem to be prepared to take a great deal of pains to ascertain the opinion of different trades concerned?—Yes.

3359. You admit that would be necessary?—I think it desirable.

3360. Would not that involve a good deal of administrative machinery?—It would have to be done voluntarily by the men themselves and persons engaged in the trades.

3361. But do you think you would get people to furnish us with all this information?—It would be for their own welfare. If they had not sufficient concern about it to take that action than nobody else would do so.

3362. But would you not want machinery for furnishing official returns?—Yes, that particular portion of the work would have to be done, I presume, by the town and county councils.

3363. But whether it was done by the Board of Trade or done by town councils it would mean more machinery, and you would have to pay for it?—To a very small extent. They would have to verify the demand. I do not object to that. I make the proposal that the demand should be made to the local authorities for the application of the provisions of the Act where they had made provisions in some way to satisfy themselves that the demand was a genuine one.

3364. I have heard wise men in my own profession say that every law reform ultimately produced an increase in costs; do you not think that the increased cost in this case might not be in proportion to the benefits to be secured?—Not on the lines suggested; not that I am favourable to law, I want to see less of it.

3365. Would you make the legal maximum apply to trades in which a good deal of work is done by people working alone?—No.

3366. I will give you an example. I believe it is the case that a good deal of work in the boot and shoe trade is done in factories, but it also is the case, as we all know, that a good deal of work is done by people in their own homes who work for themselves. Take the case of the village cobbler, such a man as I know myself, and I daresay you know. He is a man who lives in his own cottage, and does not employ any paid labour at all, but perhaps has a grown-up son who helps him. He does his work in his own time and makes a fair living by it, and on the whole does very good and useful work for his neighbours; would you make such a man work a limited number of hours?—No, I would not, I would not interfere with the man or with the man's family, but the moment he employs anyone outside his family I should deal with him.

3367. Then you would let regulated labour take its chance with unregulated labour so far as competition might be possible?—Yes. To be quite correct I ought to say here, that I should try and circumvent that in another fashion. I do not believe in the home industries on the lines of shoe-makers working outside. I know how they are going on in Northampton and Leicestershire and I think it is a very pernicious method. I want to see that work done in the factories with complete machinery, and I believe it would be to the advantage of all concerned if it were done.

3368. The case I am thinking of is the case of the man living amongst a very small scattered country population?—Then I should not interfere in that case.

3369. You would not propose to suppress that man?—No, I would not.

3370. And you would not propose to compel all the people of a small country village to go to the town to buy goods made by machinery, which perhaps would not be so good?—No, I would not.

3371. Then if the village cobbler can make his goods cheaper and perhaps better than at the factory you would let him alone?—I certainly should, and I know on which side cheapness would result.

3372. You are prepared to let work be done at a greater pace in the shorter hours?—Yes.

3373. I think you said that work was now done in a sort of regimental manner, and that it was not altogether satisfactory?—Far from it.

3374. The regiment must march at the same pace?—Largely, that is so. There are many modifications which can be introduced and tolerated. This can be done in Lancashire, and it has been done where the overlookers are more advanced men.

3375. The analogy may not be very close, but perhaps you know the Italian Bersaglieri

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regiment, who used to do everything at the double for many years?—No.

3376. I have heard that in that regiment it was found the men were getting heart disease in such large numbers that they had to reduce their pace, and substitute a quick walking pace for the double march they formerly used?—I can quite understand the force of the illustration, and it is scarcely likely that there is anyone in in the room more opposed to rushing than I am, neither is there anyone more favourable to thorough-going and effective work being done while one is supposed to be at work, but I should try to hit the happy mean.

3377. I quite understand; you want to help everyone to become a better and happier human being all round, but the doubt is as to the means. You think, on the whole, that there would not be serious danger of a system of hygienic regulation having to be added to the regulation of hours. If there were legalised hours do not you think that in these shortened legal hours people would force the pace, so as to do more harm than the good that was done in other directions?—I do not think there would be any danger whatsoever. I am quite prepared to leave every risk of that kind to be looked after by the men themselves.

3378. You think they would be able to trust their common sense, and their common sense would be improved by the increased leisure which they would get from shorter hours?—Quite so.

Mr. *Dale.*

3379. You hope there would be no corresponding reduction in pay at the same time?—It is rather singular that right through my examination I have not been asked a question upon that point as to whether or not I insist all round that there should be no reduction. I am not much concerned about the reduction that might or might not take place. I do not believe it would be necessary, but I think that that should be a matter for discussion between both employers and workmen in the representative trades, and I am quite satisfied that even if the reduction was consented to at the outset it would very soon result in an advance over the old wages.

Sir *Frederick Pollock.*

3380. I think I have only one more question to ask of a general kind. You are aware, probably, that all through the middle ages, and even later, both in this country and elsewhere, the State was constantly making elaborate attempts to regulate wages and the conditions of work?—Yes, I am aware of that.

3381. I will not attempt to take you through this, which is largely a matter of history, but I will merely ask you whether you think, from our general knowledge of history and of the results which followed, that these various attempts to regulate wages and the conditions of work were of an encouraging kind?—I think that the results

Sir *Frederick Pollock*—continued.

were rather of a discouraging character, but those Governments were not Governments like unto those we are about to have. I think they were less valuable than those we are about to have, bad as those we have may be. I believe ours will be much more properly representative of an enlightened community than those which took action in the middle ages. Then again, I should like just to add this, that so far as I can understand what did take place then they had not our present day industrial system, not in its present form at least, and the same necessity for action of this nature did not exist.

3382. You think that people in the middle ages were less capable in relation to the problems they had to deal with, which were much simpler than ours, than we are in relation to the more complicated problems before us?—I do not want to reflect even upon the people of the middle ages, but I do not think there was a general development of intelligence on the part of the average worker.

3383. But I am not speaking now of the average worker, but of the people who regulate his conditions?—If it was a patriarchial Government going to give something by way of a little patronage I would have nothing of that, but if it is the method adopted by the workers themselves utilising the State machine to bring about such adjustments as they considered necessary, that is a very different thing indeed, and it warrants me in saying that I have no fear as to the result of their attempting to use it.

3384. But although you think the intelligence of the workers good, and think it is improving, you do not think they are capable of producing this result for themselves without using the State machine?—Not so effectively. I believe they could do so, but not so quickly and possibly probably not so effectively.

3385. You think that getting the thing done quicker is a sufficient reason for taking the risk, whatever it may be, of the State not doing it in the wisest manner or even making bad mistakes?—I have come to the conclusion that it is an equally good method as compared with any other method, and inasmuch as it will be a quicker method I distinctly favour it for that reason.

3386. Then do you think it is as easy for the State to repair mistakes when they have been made as for voluntary effort to adjust itself?—That depends upon the area that is covered. If by voluntary effort they cover the whole country it would take them about as long as it would for the workers to make an alteration through the State machine.

3387. But surely in places where competition is left to itself it is done much quicker than if you have to pass an Act of Parliament to do it?—Much quicker, but less satisfactorily.

Sir *Michael Hicks-Beach.*

3388. I have only one question. I do not know whether you have explained already what it is precisely that you would submit to the

Sir *Michael Hicks-Beach*—continued.

local option of the trade or local authority; is it the question aye or no, 48 hours per week?—To the men engaged in the trade in a given district?

3389. Yes?—Yes. That is the question, 48 hours per week by the workers.

3390. Quite so; they must either have that or they must have nothing at all?—That or something less. I am not stating anything more. I put 48 hours as a maximum, and I have suggested that less than that would serve for some trades.

3391. Supposing the men in any particular trade, perhaps a trade which now works less than 48 hours per week, desired to come down to 42 hours per week, and that they carried a resolution to that effect which was subsequently adopted by the local authority, would you propose that that resolution should have the force of the law?—I should be distinctly favourable to the inclusion of such a proposal as that.

3392. Do you wish to leave the hours of labour to the trade and to the local authority to fix for themselves, or do you wish that Parliament should fix the 48 hours and that the trade or local authority should say aye or no to it simply?—Oh no, not quite that. I had better re-state my position.

Mr. *Dale.*

3393. The one simple question is whether you propose by the Bill which you are prepared to see brought into Parliament at once to give legal sanction to any limitation below 48 hours. You say that on proof being afforded to a local authority that a vote as to the adoption of the 48 hours had been duly passed an order should issue which should then have the effect of legally restraining any man in that trade and in that locality from working more than 48 hours a week?—Except under cases of emergency. Those cases are to be agreed upon by a local council of employers and workers.

Sir *Michael Hicks-Beach.*

3394. Then in reply to my first question you would not suggest that the question whether 42 hours should be the number of hours should be put to the trade or to the local authority?—I certainly would. I have not done it. I think it desirable that similar arrangements should be made for anything less than 48. I have said that 48 is the maximum.

3395. You might have 36 or 24?—Quite so. Incidentally in the course of my argument I have said that in my opinion certain trades ought not to exceed six times six hours in a week, that is six-hour shifts.

Mr. *Dale.*

3396. This is a very important point. If I understand rightly, the answer you have just given to Sir Michael Hicks-Beach would extend to conferring power to be enforced by law upon a trade in a locality to affirm that a number

Mr. *Dale*—continued.

of hours short of 48 in the week must alone be worked?—Yes, I am favourable to that. I have not included that in my proposal. Might I read one clause which would help to explain what I have proposed, "That an Act be passed "fixing the maximum working hours at eight "a day, or eight and a half for five days, and "five and a half for the sixth (or made up in "such other method as may be agreed upon) "but not to exceed 48 hours a week, overtime "to be a punishable offence, both for employer "and worker, except in cases of special emergency such as 'breakdowns,' &c., or in the "case of agricultural labourers, when special "provision would be made for harvest time."

Sir *Michael Hicks-Beach.*

3397. But that does not seem quite in accordance with the answer you have just given?—No; I have said in my answer I included that. I have not made such a suggestion as that this proposed Act should empower action to be taken for 42 or 40 or 36 hours, but I think it is desirable that it should include that. I should be glad to see a recommendation to that effect providing that there shall be a recommendation as to fixing the maximum not higher than 48 hours. That is the one thing I am concerned about, that the maximum shall not be more than 48.

3398. Now do you propose that when a trade and the local authority have once adopted your proposal whatever it may be, that they should be able to rescind it and go back to freedom?—I have not proposed that, and I am not disposed to make such a recommendation.

3399. Why not?—I think it would be best that that should not be the case. That is not much of an answer, but I mean that I think it would be found to work out well under any conditions, and it is quite conceivable that otherwise action of a tricky nature might be taken, the opportunity for which would be very undesirable.

3400. Supposing that the employed (I will leave the employers for the moment out of the question) in any particular trade had adopted this resolution and got it enforced by a county council, and then found such a loss of earnings resulted, that they were unanimously of opinion that it would be desirable again to revert to their old system of overtime, would not you allow them to do it?—I have made no provision for them to do it under my proposal but in such a case it is quite clear that whatever action was requisite would be taken to obtain a repeal or modification. I do not think it necessary to make any such provision for that latitude.

3401. But how would they obtain a repeal or modification when once they had adopted the Act of Parliament; I do not understand you to propose that they should be able to rescind it?—I am not proposing that I do not think it would be requisite and they would not be able to obtain an alteration. I presume, unless they obtained a modification through Parliament.

Sir *Michael Hicks-Beach*—continued.

3402. Then in fact the Act would have to be amended ?—Yes.

3403. Then supposing again that the employers found that the result of this resolution was to compel them to close their works and thus to drive the industry out of the district altogether, I think the employed would be extremely desirous then to rescind their resolution, would not they ?—Under such conditions they would be desirous, but I do not anticipate such conditions, and therefore I have not thought it necessary to provide for them.

3404. In fact you have no suggestion at all, included in your proposal for a mistake to be rectified, except by obtaining a change in the Act of Parliament ?—I have not, for the sole reason that I do not think the taking of this step would be a mistake. If I had questioned the practicability of the proposal I should have considered it necessary to tread with such caution as to be able to say, "If this proves to be a false step "here is an opportunity of retracing it," but not having any such feeling, it is natural I should not make any provision for retracing my steps.

3405. Do you think all the workers are likely to be as cautious on the subject as you are. Have they shown themselves already so cautious ?—An increasing number of them are showing themselves very cautious.

3406. But an increasing number have gone so far as to vote that this should be universally applicable to all trades, whether they like it or not ?—That is pressing me rather closely concerning the make-up of the men who are making these demands. I will try and be very frank, and in doing so I feel bound to say that some workmen do make demands of this nature and under this heading, the eight hours' day I mean, apparently without very much thought, and thereby I must say that they have weakened their own cause, and have played into the hands of those who have thought well to take a hostile attitude, but I do not believe that the eight hours will ever be brought about as the result of their work. The eight hours, if it is brought about at all, will probably be the result of those who work more cautiously, but as to that caution I have not thought it sufficiently important to include the proposal that you make.

3407. Any local option scheme must be applicable in some places and not in others. You contemplate that as possible, I suppose ?—Yes, I think it would be very likely to be the case.

3408. Therefore the hours of the same trade under similar circumstances in one part of England might be entirely different from those of the same trade in another part ?—That is qui e possible. The principle of guidance being that as I have previously stated that it should be left to those engaged in the industry to decide the unit of area for which application should be made for the provisions of the Act to be applied and the principle to guide them certainly would be to take into consideration which of the various towns where the trade was being conducted competed with them and would adversely affect them. Providing that in one town they applied the eight hours and in the other town they did not, and they came to the conclusion that they would be adversely affected then they would wait till they converted their fellow workers in the other towns.

Sir *Michael Hicks-Beach*—continued.

3409. Do you think there would be any danger that the industry would be practically thrown into the hands of those parts of the country in certain cases, not necessarily in all, which had not adopted the eight hours' day ?—I do not think there would be, because before the application was made that would be sufficently discussed. I feel sure of that. I do not think there would be much re-adjustment in that direction. What I do think would happen would be that a town setting the pace with regard to the eight hours the other town would very soon come up to it. The workers finding and the employers too, I think, that it worked all right as I believe it would work all right, would not see any advantage to be derived from continuing with the old method.

3410. That is based on the assumption that it is quite certain it will work well ?—Yes, I am bound to say that, and so far it is illogical, perhaps.

3411. Would you explain a little more fully your proposal as to excepting agriculture, and as to how you would do it ; as to what extent ?—During the harvest period, when of course considerably more than the eight hours is worked by many, and it is desirable they should do so, I think in the common interest an understanding should be arrived at between the farmers in the district or the landlords in the district, and the men. They should be the ones to decide, and I would leave it to them thinking that they know the best interests of all concerned, and would make such provision for the particular months of harvest, and that they should be able to go on to 12, 14, or 16 hours if necessary.

3412. By harvest you mean the hay and corn harvest ?—I do. I mean any time when it would be foolish to apply anything so rigid as this.

3413. But is not it of the essence of agricultural work that the same arguments which would necessitate such a proposal would apply to other kinds of agricultural employment besides that of the harvest. Take the sowing time ; sowing has to be conducted under certain atmospheric conditions. Would it apply to that ?—I have not thought it necessary, and perhaps I am not a very competent agriculturist, to include sowing time. I have conversed very carefully with men who are at work on the land, and that quite recently, and they have agreed with the suggestion made when I have discussed it with them, and I have asked how it would work. I said, "Do you really believe that you "could do your work properly under a weekly "limit of hours," and they have agreed almost unanimously, that is, those that I have conversed with. Perhaps I conversed with them first. They agreed that they could work a weekly limit saving in harvest time.

Sir *Michael Hicks-Beach*—continued.

3414. Take other agricultural operations generally done by piece-work. Hoeing turnips has to be done in dry weather?—Yes.

3415. It is essential that it should be completed before the wet weather begins very often? — Not being engaged in the trade, although I have very strong convictions concerning it, I should say that the same principle that causes me to propose an exception in such a case would cause me also to urge that it should be applied if equal grounds could be offered for its application.

3416. Take the work of the shepherd, it is almost continuous during the lambing season, would you make an exception for him?—If it was found necessary I should, but as I before said from what knowledge I have, which knowledge has been obtained direct from the men themselves, they are of opinion that an exception at harvest time would meet the case, but if it was not, as I said before I would also make a further exception.

Mr. *Gerald Balfour.*

3417. One question in connexion with those put by Sir Michael Hicks-Beach. Do you propose to give a trade the legal power to reduce its hours to something between the number now worked and the limit of 48?—No, I am not prepared to propose that.

3418. They are to have no legal power unless they wish to reduce to 48?—That is my proposal.

3419. If they prefer to reduce from 60 to 54, what then?—I should not at all object to that being done, but I do not want to be identified with any such proposal, because I am convinced that we may go safely to the extent suggested.

3420. And if a trade desired to adopt some such arrangement as has been agreed upon, I understand, between the master builders and their workmen in London, that is, to have an average of 48 hours a week throughout the year, with a longer week in summer and a shorter week in winter, what would you say to that?—I should not interfere with that. My concern is as to 48 hours. I have fixed it in that form after thinking over it from every conceivable side of the question, and that is as mild and as strong as I am prepared to propose.

3421. You would encourage no modification of the 48 hours unless its effect were to reduce the hours somewhat further, is that so?—That is it. I did express, in answer to a question, the opinion that it should be 48 hours all the year round, but if it is thought necessary to do 47 and then 49, I say all right, but let 48 be the average all the year round.

3422. Would you give a trade the right to demand such an arrangement with legal sanction to enforce the demand?—Certainly. I am distinctly favourable to the trades taking this in hand, and I want to see the trades above all

Mr. *Gerald Balfour*—continued.

things do it, but I am not taking the initiative in making the proposal.

Sir *Michael Hicks-Beach.*

3423. You would be willing yourself to give the sanction of law to an arrangement if desired by the trade, which would penalise a man for working more than 12 hours for six months, and for working more than 84 hours in the other six months?—Yes; if those who are getting their living at the trade made it clear that they thought that would serve their interests best, I, as one outside of that trade, would feel that was sufficient authority to warrant me in supporting them.

3424. Then it is really a matter in your mind rather of what those in the trade wish for themselves, than any question of health, or safety, or anything else, as regards the number of hours worked in the week?—Scarcely that. I want to do something towards setting the pace on healthful lines, and I am rather disposed to encourage shorter hours than these, than to tolerate anything more being worked. I do it not only to absorb the unemployed, I recommend this not only to absorb the unemployed, but also to afford the additional leisure over what they have now, in order that that development may take place, which I am convinced will take place, just in proportion as the opportunity is afforded them.

3425. With respect to the trades in which the amount of employment at different times in it varies, and which, as I think, all our evidence shows, are those in which the unemployed difficulty principally presents itself; would not those persons actually engaged in the trade be very likely to adopt by your system of average a proposal which would not give work at all to the unemployed?—I should suggest to them a better way of getting over the difficulty, as it commends itself to me; that is, I would recommend such a dovetailing of general interests in connexion with fluctuating trades as would enable it to be possible to have a drafting of batches from one department to another department and so on, which I believe would be carried out if there was anything of a practical and friendly, and becoming arrangement existing between the employers and employed in the trades.

3426. If both employers and employed were unselfish; is not that the real point?—Yes, if we were a little less selfish, and a little more wise than we now are; not angels, but still better than we are.

Mr. *Dale.*

3427. Nothing in your evidence has seemed to me more important than that part in which you described the general character of the legislation as to the limitation of hours of labour, which you were prepared at once to support, and in which you described in considerable detail the provisions of the Act of Parliament which you would like to see at once passed

Mr. *Dale*—continued.

into law. You stated that the main provisions of such an Act would be to give power to a trade in a locality by a resolution passed under proper conditions, to determine that not more than 48 hours should be worked in any week, and on proof being afforded to a local authority that such a resolution had been duly passed, that an order should issue from that authority, giving that resolution the force of law; the consequence of which, as you describe it, would be that if anyone in that trade in that locality worked more than 48 hours, which would be the maximum, there would be certain legal penalties. Now, it seems to me you make a very important modification if you are now to be understood to say that not 48 hours but any number of hours —— ?—I am not saying any number of hours.

3428. What do you say then? I wish you to state the actual provisions of the Act of Parliament, which you propose; a less number than 48, is it?—Yes, I am saying that.

3429. Do you now propose that instead of 48 hours being the maximum number which might be prescribed and gain the force of law, any smaller number than 48, according to the judgment of the trade in the locality, might be substituted, and equally gain the force of law? —I have not thought it of sufficient importance ——

3430. But it is very important?—But I did state distinctly yesterday that with regard to the chemical workers, and some iron and steel workers, and some miners, I thought that six hours was quite sufficient.

3431. But what would be the nature of your legislative provision upon that point? What is the power that you propose that Parliament should confer upon a trade in any locality, subject to a verification by the local authority?—The position I prefer to take up is that which I have exactly laid down. All I have intended to say is, that I am not disposed to oppose that, and I would rather like to see the inclusion of some such provision.

3432. Would you define what you mean by that?—Some such provision as that suggested.

3433. Namely, that no specific minimum number of hours should alone be capable of being legally imposed, but that that smaller number of hours might be capable of being legally imposed which the trade in a locality determined to adopt. Is that it?—Quite so.

3434. Do you mean that now?—Yes. I have not proposed that, and I am not disposed to propose that, but I am certainly not disposed to oppose it, and it commends itself to me as a probable suggestion; but I thought it would complicate matters in such a way that it would hinder the proposed legislation, and therefore rather than run the risk of complication, I thought I would not, after further reflection, be disposed at all to include such a proposal in the general one made.

3435. It has not been given in evidence, but it has been stated in this room, I think, that a Bill has been drawn upon the lines which you have described to us?—I am not sure that it has.

3436. You were not a party to it, were you? —No.

3437. I was told that you were a promoter or draughtsman of such a Bill?—No, scarcely that.

3438. Then may we take it that you revert, so far as your own opinion of what is practicable and desirable in the way of immediate legislation is concerned, to that which you defined yesterday?—That is so. That is all I intend.

3439. That is what you re-affirm now?—That is all. I propose it as something practicable for the present time, because I am of opinion that we need not wait to bring about those hours in some trades till there is that included, which would at once stimulate voluntary effort.

3440. I understand that as to those trades in which a less number of hours than the legal maximum of 48 was desirable owing to the character of the work done, that was to be brought about by consent between employers and employed?—That was my intention, and all I intended proposing. I only want to make it clear that if anyone else proposed the other, I should not oppose it. I do not include it in my proposal, because I think it would hinder the other proposal already made.

Mr. *Courtney.*

3441. I heard you answer some questions yesterday about the board of arbitration, and as to their power to interfere in cases of trade disputes?—Yes.

3442. I think you said the board should interfere if invoked, but not if not invoked?—If invoked up to within a fortnight of the cessation of work, but then it should interfere anyhow.

3443. And if there is a dispute which has not taken the form of cessation of work it might be invoked?—Yes.

3444. You do not mean there is to be intervention by the board if the trade is to cease a fortnight hence?—No, I meant if work were actually stopped for a fortnight. I would like to make this again clear, in case it is not in your mind, and that is, I am distinctly favourable to voluntary boards of arbitation or conciliation or mediation, which are the phrases required to be covered, and also I am favourable to joint boards or joint committees of employers to deal with each matter in each trade prior to its reaching the voluntary board.

3445. The voluntary local board?—Yes, the local board. Then over and above that there should be a State board, who should take cognizance of all the facts in connexion with the difficulty and should hold themselves in readiness, and it should be known to all concerned that they were in readiness to go to the particular spot provided they were invited by either or both of the parties. But I also made a proposal that they should not go further unless they were so invited until the difficulty had actually resulted in a rupture, and when work had stopped for 14 days; and my reason for making that

Mr. *Courtney*—continued.

recommendation is, that I thought it was desirable to let them have the best chance for threshing it out and settling it, and I thought also that there would be probably some feeling of resentment if the State board should make any overtures to them prior to their having a good try to settle it on their own account, but if a trade has stopped working for a fortnight, then I should proceed to investigate and to report. Of course they could not make people go to work.

3446. You say their might be resentment of the board's interference, but what resentment could there be on its being invoked before an actual rupture and stoppage of work took place?—If one side invited only, the side that thought it would probably lose as the result of the investigation would make as strong a protest as they were able, and they would resent it, but I do not think that that need to be feared.

3447. When a strike has actually happened persons get very much excited?—Yes, they do.

3448. Further, it would be desirable, if possible, to prevent that phase being entered upon?—It would.

3449. If your board is to be valuable it would be more valuable if it could be invoked before such a rupture as that, would it not?—Possibly it would. The only condition that weighed with me was that I did not want to recommended anything that should be calculated to develop an awkward feeling and so make the board comparatively useless; but if after adequate discussion by responsible people it was thought that the evil would be minimised by going there before the rupture broke out I should concur.

3450. It is desirable that it should be settled by those on the spot first of all, you think?—Most certainly that is so.

3451. And you on the whole think that these possibilities of settlement should be left alone until there is an actual rupture before any official board should be invoked?—That is the basis of my recommendation.

3452. And you stand by that?—I do. I do not feel very strongly concerning it, and I should be prepared after talking over the subject with others to further modify my opinion concerning the time of intervention.

Professor *Marshall.*

3453. Should you object to both sides agreeing to invoke the board before they had actually come to a rupture?—No, I want them to do that, and I would encourage them to do that. That would be the very best thing that could happen apart from their capacity to settle it themselves.

Mr. *Courtney.*

3454. They might appeal to some arbitration in the neighbourhood before appealing to the board, might not they?—Yes.

3455. And on the whole with an equal chance of success?—Perhaps so.

Mr. *Courtney*—continued.

3456. If they are in a mind to refer to any external authority that is?—Yes.

3457. You lay great stress in reference to this matter on the fair constitution of the board of arbitration, I think?—Yes, I do.

3458. Will you give me your ideas about that?—I should have great difficulty in making any practical proposal, but I should certainly recommend that the matter be left with the trade unions for them to suggest the best method of electing the half that should represent the workers, and I do not think it would be wise, even if I had some cut and dried idea in my own mind, for me or for any other man to make a proposal which would be calculated to be received with some little aversion, even if it was a good proposal, I think such a question should be referred to the most representative bodies of men that there are.

3459. That is as to the constitution of the board?—The general constitution of the board only.

3460. I want your ideas. You said the board could be trusted if fairly constituted?—Yes.

3461. What was your idea as to the constitution of the board?—I think I said there should be half a dozen representative workers, and half a dozen representative employers, and that possibly the chairman should be appointed by the Government or by a department of the Government who should represent those interests, and that he should be called into requisition as required.

3462. This would be a board of arbitration for the whole kingdom?—For the whole kingdom.

3463. Then you think that a board of half a dozen workers selected without any reference to any particular dispute, and half a dozen employers also selected on general grounds would be a satisfactory board of arbitration?—As satisfactory as any I am prepared to make, considering, as I do, that I have been connected with many of those quarrels, and I have been brought into direct contact with them at every conceivable stage from the moment of their origination until their close, many months after in many cases, and I know exactly where the difficulties come in, and I know the minds of the men, and fairly that of the employers with regard to their willingness to refer a dispute to those who may not be directly concerned, who may not be directly familiar with their particular trade, and it seems to me that in many instances it is a very good thing to have a general trade matter referred to a man or men who are not directly connected with that trade. Of course they must be capable men, capable of giving due attention to arguments on both sides, and honest men too, and given that, that is all that is wanted.

3464. Do you think that would be an efficient working board?—I have not thought the matter over in a way that would cause me to think it would not be so. I have given considerable attention to it, and I have discussed it with some representative men in connexion with the

Mr. *Courtney*—continued.

trades union movement and workers generally, and I have not received any other proposals or thought of any better proposals myself.

3465. But the half a dozen workers would be men commanding the confidence of the trades union, that is so, is it not?—Yes.

3466. And they would be elected once a year or something of that kind?—I should think so.

3467. Just tell me how you think the machinery would work in such a case as that of the present cotton dispute. You would have to call together half a dozen working men from different parts of the kingdom to do this work; they would all be at their work in an ordinary way unless when called upon to discharge acts of arbitration, as I understand?—Yes.

3468. They would be *bonâ fide* working men occasionally called upon to arbitrate?—Yes.

3469. Would it be a convenient plan to bring together in this cotton strike or lock-out or whatever it is half a dozen working men from different parts of the kingdom and half a dozen employers, and send them down to the scene of the dispute?—As convenient as any plan I can propose.

Mr. *Dale.*

3470. They might be representatives of working men not necessarily engaged from day to day in any industry themselves?—Not necessarily, but they would be persons in whom the trade unionists should have confidence.

Mr. *Courtney.*

3471. But would you suggest that there should be half a dozen men relieved from their ordinary daily work in order to serve on this board?—Provided there were the half dozen elected, yes.

3472. That is your plan now that they would not go on working at their trades, but if they were chosen they would be relieved entirely from working at their trade and become practically paid servants of the State?—That would depend upon whether the work submitted to them was sufficient to warrant their devoting their whole time to it.

Mr. *Dale.*

3473. Or they might be secretaries of important unions?—Quite so. I do not look upon that as vital whether they worked part of their time at a trade or not. The only thing is having men who shall have the confidence of those who elect them, and by whom they would be called upon to arbitrate.

Mr. *Courtney.*

3474. You admitted, I think, that this board would have no coercive power?—I do not see how I can recommend any coercive power at the present stage.

3475. But their matured judgment would have enormous effect, you think?—I think so. I do not know that it is necessary to give cases, but it would not be difficult for me to run off a number of cases, as to which I am confident that had there been such a board in existence their services could have been called into requisition, by which money and everything else would have been saved.

Mr. *Courtney*—continued.

3476. You gave some evidence yesterday also as to the desirability of steadying production in order to avoid the different rates of work at different seasons of the year?—There is nothing of greater importance to my mind.

3477. And you illustrated that by reference to agriculture as I understand. We should be much more steady in the agricultural department of our labour if we did not import such large quantities of food from other countries?—I instanced agriculture when, I think, Mr. Mundella raised the point of failing credit resulting in falling off of trade. I said it was desirable and important that we should become a more self-sustaining nation in the sense of producing much more of the food which we consume. But what I had in my mind, and what I did not throw out was this, that I am of opinion that the industrial developments of the future will naturally and properly enable continental countries, America and some other countries, to supply themselves with regard to that machinery largely, and perhaps with regard to ships largely, and I think that it will be necessary for us to give more attention to the production of food in this country than we have done. That also was in my mind, and was one of the reasons for making the proposal.

3478. You mean that our manufactures, for instance, might diminish or pass away, and we should have to revert more to the condition of an agricultural country?—Yes, I think that that is naturally to be expected, for this reason, if I again might enlarge, that other countries having the same mineral resources and similar workmen will naturally be able to provide for themselves much that they do not now provide; and if we have the land area it is desirable in our interests and theirs, that is, the other countries, that we should each produce a given share of the food we consume, not its equivalent merely.

3479. Those consequences might be expected to happen under the present organisation of society, might not they?—Yes, I think so.

3480. They would be the natural consequences of the loss of our supremacy?—It does not seem to always follow that a wise course is taken in these directions. When one trade falls off there is no supplementary effort put forth. If that were so, I should think that we should have been producing now two-thirds of our food produce instead of one.

3481. To make up for what?—To make up for the loss of some of those trades that have been lost in a way and which we have sent commercial men out scouring round the world to keep going. In my mind there is no special need for us to be producing so much textile stuff or building so many ships if we will only give proper attention to the production of food by turning our energies in that direction, not

Mr. *Courtney*—continued.

that I am opposing that which has been done, but I look towards the future, and I look to the evil effects that now ensue from international trade as it is at present conducted. On the strength of that I made the recommendation as to agriculture.

3482. Now keeping in view this question of food supply and the steadying effect to be produced by having a larger proportion of it produced at home even if that were possible should not we be exposed to much greater vicissitudes in consequence of bad seasons here?—I do not see that we should be exposed to greater vicissitudes, it would not prevent international commerce.

3483. But with reference to equilibrium in relation to our supplies of food, this is secured to some extent in consequence of our being able to rely upon and actually receive supplies from all parts of the world. A failure of harvest in one part of the world is compensated by a good harvest in another, but would not that steadying advantage be considerably less if a large proportion of our food was produced at home?—I should not think so. If there was a tendency in that direction, I should try to safeguard it under some other conditions than taking salvation in producing practically nothing and relying upon the harum-scarum arrangements which we have to-day. It is to my mind anything but a scientific arrangement which we fall back upon just now. We are dependent upon good harvests elsewhere.

3484. I do not quite follow your thought as to producing nothing?—We produce comparatively little in the agricultural sense. Of course, I know we produce its equivalent.

3485. Do you regret that Lancashire is not able to produce food enough for the inhabitants of Lancashire?—No, not specially under the conditions prevailing that now do prevail, but I was looking forward to changes about to be made in this and other nations, and I do not regret them. I think it is probable Germany will develop in an industrial sense on lines similar to ourselves, and America also to a much larger extent than she has developed and possibly later on will come Australia. Therefore, the markets for machinery that we now have will be practically closed and will continue closed, and it will be right and proper that they should be in the general interest, only we must be on the alert to supplement the loss in one direction by gain in the other.

3486. You recognise the fact of the shifting of industries from one country to another in process of time?—I do.

3487. And you wish to guard ourselves against the loss involved in that by Government action, but by what action, in the development of greater agriculture or how?—Assuming that we do decide it was wise, as in my opinion, I have decided it would be wise that we should pay more attention to agriculture than we have, then I should certainly bring Government pressure to bear upon them to encourage them to bring it about, and to stimulate what might be termed private enterprise, I see no hope whatsoever to expect good results from agriculture by leaving it to private enterprise if there is any country were the modern method of conducting industry has signally failed, viewed as I view it, that is the agriculture of this country.

3488. There have been great revolutions in agriculture in this country?—And great improvements I admit, but still it is so shockingly bad in so many directions that it is altogether intolerable.

3489. There have been great revolutions also in agriculture in the United States?—Yes, but not exactly on the same lines as ours, because they are differently situated.

3490. Is not it a certain fact that any movement in the direction of improving agriculture here would be accompanied by, not the same movement, but a corresponding movement elsewhere?—Probably.

3491. That would leave the relative productivity of the land practically unchanged?—The relative productivity, yes, I think so.

3492. In that case would not you still have the fact of us getting supplies of food from foreign countries maintained?—I do not think so. If my previously saying "yes" to that covers this, then I did not intend to say yes.

3493. Do you withdraw "yes," that is as to whether the relative productivity of the land would be practically unchanged?—I do not see why I should. If I may put down the term relative productivity a little more precisely, it means that so many bushels per acre will be produced as the result of a change in this country, and that will produce a corresponding change in America.

3494. Or Australia?—Anywhere.

3495. Anywhere that is in correspondence or connected with our civilization here?—Quite so. That taking place it seems to me will not affect us adversely, and we may still go on producing with great advantage to ourselves.

3496. Yes, but if others advanced at the same pace, and our importations now depended upon the fact that the productivity of other places in these articles was greater than our own, and the articles were produced with less labour, and if we make improvements that are to be carried into effect elsewhere, then the relative productivity of the land as to food would be unchanged, and would not the same commerce still go on?—If that was the whole case, yes; but I thought what we had previously said would cause it to be seen that it was not the whole case. We do not take into consideration the fact that change in industry must take place.

3497. Yes, I admit that, we both admit that that is a thing of the future, and the question is whether we can meet that in any way except by possible decline and shift of population following upon these shifting conditions?—Yes.

3498. Now you have got some other plan as I understood for developing activity at home?—I have.

Mr. *Courtney*—continued.

3499. I have met your other plan by saying that I think it would be futile because it would be met by a similar development abroad, leaving us just where we were?—Yes, and now at the risk of contradicting what I previously said, and this will show the desirability of contradicting oneself sometimes, I wish now to say that the methods which I imagine should be applied forthwith are not such methods as would make it probable that other countries would still maintain their relative productivity. For instance, I believe that if action were taken to open up the land by empowering local authorities to obtain land from those who now claim it under fair conditions, and to let it to those who desire to make use of it (and I understand many do desire to make use of it by small holdings and allotments and so on), then there would be a considerable increase in the number of bushels per acre produced in the land of this country, and I do not think that the same relative productivity would be kept up in connexion with America say.

3500. You think by processes such as those we could compete with the supply of food from abroad?—I do.

3501. The essential thing which has got to be regarded through the whole of this is the fact of the shifting of industry from country to country?—Yes.

3502. That you recognise at once?—Yes, certainly.

3503. We have had, perhaps you are aware, a great illustration of that with regard to the production of some metals, tin and copper, which have gone away. I was looking at the statistics in the matter which you had a controversy, or at least a difference with Mr. Mundella yesterday upon——?—As you have raised that particular point, would the Chairman allow me to make this statement that yesterday when Mr. Mundella was questioning me I referred in a general way to the fact that I had noticed a statement to the effect that the exports from Huddersfield had been larger this year than last year, and that was combated. On reference to that report this morning, I find that it refers specifically to America; it says that the exports last year from Huddersfield to America were greater than in previous years, so that to that extent I wish to correct myself. It was not general, but limited to America only.

3504. Without dwelling upon that difference of opinion that occurred yesterday, it is rather an interesting fact to which I may call attention that apparently our exports of flannels and blankets have practically continuously declined from a value of 8,700,000*l.* in 1884 down to 4,323,000*l.* last year, and the decline has been continuous. It seems that the importation of woollen manufactures has not the same continuity, but on the whole it has steadily increased from 6,800,000*l.* in 1884 to 9,670,000*l.* last year, so that it is possible that the woollen trade is one of those trades which is exhibiting something of this shifting?—Yes.

Mr. *Courtney*—continued.

3505. That would be an element to be taken into account, I suppose, by the persons engaged in the woollen industry, in the adoption of your eight hours' law, would it not?—Yes, it should be.

3506. In fact the trade is probably shifting. Now, supposing that they, in spite of that, adopt the eight hours' law, Sir Michael Hicks-Beach put it to you, whether they would be able to rescind the adoption of the law, and you objected to their being able to exercise that power?—I objected to make provision for them doing that.

3507. Now, if the law had been adopted under conditions of haste, or without due warning, why should not a trade have the same liberty of dropping that law, after they had tried it, as they had of adopting it. If the law should prove as beneficial as you think, there would be no fear of their dropping it?—My reply to that is this, that I am fully alive to the advisability to allow trades to distribute themselves in various countries, and I do not regret at all that changes take place from time to time, and I should be quite prepared to take up this position, and say that by the time we had reached the stage when the woollen industry should largely depart, in my opinion we should have reached a stage in which we could do something else better, and I should meet it on these general lines.

3508. Yes, but it is rather hard for the present generation engaged in the industry to be denied the possibility of leading a possibly more meagre existence. If they are not bringing up their children to succeed them, they might themselves live out the remainder of their lives with increased hours of work if necessary, might not they?—Yes; but I do not think that the loss in one trade would mean that therefore those persons should not get to work again, and that is what I would like to see undertaken by the Labour Department. I should like to see that they should be sufficiently conversant with the tendencies of events, and be able to give judicious information as to what was to be looked upon as natural and becoming, and as to what we should look upon as unnatural, and that ought to be shunned. It is knowing these fluctuations, and the causes of them, that I try to mitigate their evil effects, by pointing out avenues to be followed under what we may fairly term natural conditions.

3509. Do you think the working men are very likely to be so versatile as to be able to turn easily from one industry to any other?—Yes, I do.

3510. Even those who have been some years in the trade?—Yes, I know woollen men, and I know cotton men, and I know engineers, and I know carpenters. I do not mean to say a skilled man in one trade can forthwith become a skilled man in another trade, but I mean to say, I could earn my living in connexion with several trades or several departments of industry, and so could a great many others, and we

Mr. *Courtney*—continued.

should facilitate that process. Men have not very many opportunities now.

3511. I think it is most desirable to teach men that they should be prepared for changes, and that they should prepare themselves for them ?—Quite so.

3512. But you would not allow the men the option of going on in the same trade on possibly worse conditions instead of adopting a new trade, would you ?—I should discourage them being content with a trade that was practically kicked out. I should not want to be connected with a second-rate affair myself, and I should not encourage anybody else to be so connected.

3513. In fact you would bind them by law ?—I do not say law.

3514. But supposing they had adopted the eight hours' law, would not that be so ?—No, I would not commit myself to that. I had made no provision for it, because I do not see the necessity for it, but I do not endorse the position that I should not allow them to go back.

3515. Would not it be more consonant with your ideas of trade option and freedom to give them the opportunity of re-consideration ?—It would fit very well, but I again say that I have not thought it necessary to make provision to include it, because I have confidence in the generally good effects of the proposal I make.

3516. I understand the local authority's action in this matter would be purely ministerial ?—That is so. That is what I have proposed.

3517. They would simply register the adoption of the vote ?—That is so.

3518. Probably you have answered this question before; but how would you define the voters on the question of the adoption by a particular trade of the eight hours' law ?—Every adult actually engaged in the industry in the district.

3519. Receiving weekly wages ?—As distinct from salaries ?

3520. Yes ?—Yes, every adult worker. I do not know that that would be a good definition, but knowing what you mean, I say yes.

3521. Would there be any permanent mode of registering those persons, or how would they be called upon to vote ?—I have not thought out the particular machinery. I do not think there would be much difficulty in providing the requisite machinery for them to record their desires.

3522. And would the employers have any option with regard to the vote ?—With regard to the employer's part in the vote, I am not——

3523. But I understand you have already answered this question ?—Yes.

Mr. *Ismay.*

3524. You are familiar with the shipbuilding and engineering trades, are you ?—Yes, fairly so.

3525. At present they are suffering from considerable depression ?—Yes, they are.

Mr. *Ismay*—continued.

3526. How would you propose to deal with that depression at the present time ?—I should like to see the total work in the shipbuilding trade and marine engineering trade distributed over the total number engaged in the trade that have been engaged in the trade rather than over the smaller section that are now made use of, that is, rather than that some should be discharged entirely.

3527. But how could you do that and fulfil the various requirements of the trade. One man wants a ship now and another man wants one later on ?—I would work shorter time, I mean four days instead of six, if there is a third of the persons discharged, and there is about that, I think, now.

3528. Then capital would lie longer idle ?—I do not see that it would; but I do not mind if it did.

3529. During construction it must be so.—Perhaps I did not make myself clear. I mean if there are 6,000 persons engaged where there were formerly 8,000, 2,000 being discharged, I would arrange the work to cover the whole of that and keep them all employed, producing at the same rate, and let them all have a hand in producing the work.

3530. You would not reduce production ?—No.

3531. In reply to Mr. Courtney, you have indicated that probably the shipbuilding trade might go to America in a measure ?—I forget whether I mentioned it, but I had that in my mind.

3532. And you said that you would not regret it ?—I want to be very cautious here. I have rather a hankering after the shipbuilding trade in a way, and what I want to say, that I would not regret, and should not, on philosophical grounds, allow myself to regret, is, that there shall be from time to time a re-arrangement of trades on natural lines according to the capacity of the various countries to produce under the best conditions in those trades. That is what I do not regret.

3533. That is as I understand you. Then the re-arrangement is that part of the shipbuilding trade, from whatever cause, whether from bounties or from other causes, goes to America; and what are you to do with the workers that are employed on the shipbuilding trade then ?—I can only answer there on speculative lines. I say that the land question that was incidentally alluded to is one direction in which I think great good could be done and ought to be done, although I rather insist on this being essential in the work of the nation, that as one department of manufacture declines another department of manufacture is likely to spring up, and I believe that in many departments of the engineering trade, certainly we shall not only hold our own but gain ground for a considerable time to come. As shipbuilding has been specifically mentioned, I may say I do not think America or any other country will outrun this country for a long period, although it is in the future for a certainty, and I

Mr. *Ismay*—continued.

should expect that in 20 years or so we shall find some of the principal liners coming from America.

3534. Supposing there is a decrease in the demand for manufactures in this country, what do you propose to do with the labourers who are dispossessed?—Apart from those trades, that I should expect to naturally spring up I should give——

3535. Of what character are those?—I could not specify those, they are those which time will show as being desirable and which we have an aptitude for continuing, conducting, and carrying on. I desire to give special attention to raising the capacity to consume on the part of the people of this country recognising that we are a self-sustaining nation although we cannot produce the actual food stuffs which we require, and therefore I desire to see the people of this country get to work on the raw material producing that which the people of this country desire to consume. I emphasise land in order to show that I desire them to produce food stuffs as well. Now there are many commodities which we obtain from other countries which it is not worth our while to make under present conditions, and as long as we continue to devote so much energy to shipbuilding it will not be worth while to do otherwise than we are doing, but when it is so worth while, it will be as well for us to turn our attention to the land.

3536. But would not what you propose bring about a much lower scale of wages?—I do not think it would.

3537. As you have touched upon the land, do you think it is possible for us to cultivate the land in competition with other countries where the conditions are more favourable?—I do.

3538. In spite of the lower cost of transportation?—I do. I believe from what I have carefully observed that we can make this country do more in agriculture.

3539. And if so there is a great responsibility upon those who do not make it pay?—I feel that. Perhaps it is due to my lack of knowledge that I say that, but that is what I feel.

3540. In answer to Mr. Balfour, I think you touched upon the question of interest. You said at present that the rate of interest was as great as it was 10 or 20 years ago?—I did not say that the rate of interest was as great, but the proportion of the country's wealth taken as interest is, in my opinion, as great.

3541. Then in what way does it go?—It is re-invested several times over. I believe it is re-invested, I believe that it is made use of now in a multiplicity of fashions that it was not formerly made use of in.

3542. But how does that affect the worker?—It does affect the worker in this way, that of the total value created by the worker, as much is now taken by those who live upon interest as was formerly taken, that is, as large a proportion.

3543. A per-centage on the aggregate?—As large a proportion I say.

Mr. *Ismay*—continued.

3544. Not per cent., but in the aggregate?—Yes, larger in the aggregate of course, because our produce is greater.

3545. At a less rate of interest?—Yes, the rate of interest is less.

3546. Because, of course, capital is cheaper now than it has ever been?—Yes.

3547. Do you know at all what is the proportion of unemployed in the skilled classes just now?—About 8 per cent. in the skilled and more in the unskilled.

3548. And that is unfortunately likely to be an increasing quantity, is it?—I am sorry to say it is as far as I am likely to be able to judge till the middle of next year.

3549. Do you expect an improvement by the middle of next year?—I do.

3550. From what cause?—One cause will be the change that has recently taken place, and has been taking place in America, and which has culminated in the election lately. That will affect some trades favourably, and there are one or two other things which will probably be shaping their course in the same direction at that time.

3551. Do you think that the difficulty between the employer and employed cannot be got over without resorting to Parliament?—I think it can wherever the employer and employed are willing to meet in a friendly and frank and honest fashion. That is possible, perhaps, only unfortunately in a few cases, but there is nothing more desirable than that those few cases should become many in my opinion.

3552. Is not there a disposition on the part of both parties to get nearer to each other, more so than there was some time ago?—Yes, I think there is.

3553. Have you any views as to how this could be done without resorting to Parliament?—I think what I have suggested in general terms is the direction we should work in. We should have in every trade in every district a joint committee of employers and workers, and then it would probably be found necessary to have voluntary boards of conciliation, mediation, and perhaps arbitration, and the more often they are made use of the better for everybody.

3554. Do not you think the extreme men on either side would be likely to control the decisions?—Do you mean by extreme men those whose opinion would tend in unwise directions as I should term it?

3555. Yes?—No, I do not think so; there is a growing sense of the responsibility, and there is a keener realisation and more correct realisation of the importance of the great industrial problem, and it is generally recognised now to a greater extent than it was, at least if I am capable of judging, that the whole business might be approached in a cautious, becoming and careful manner.

3556. The industrial question is the problem of the day?—Yes.

Mr. *Austin.*

3557. As regards the woollen industry which Mr. Courtney referred to, and its decline, supposing the Eight Hours Bill came into operation, and meant its extinction altogether, do you think the workers, driven into other employments, would be as well off as if they had adhered to the old working hours?—Yes. I happen to know the woollen trade, and a fellow that could not get better pay than skilled men are getting now, as an ordinary labourer, would be a poor man indeed.

3558. Supposing they did drive them into other employment, what effect would those woollen workers have upon the employment they were going into?—That would depend upon the position occupied by the respective trades that absorbed them. I should not venture to prophecy as to what it would be.

3559. Would it have an effect in reducing wages do you think?—That would depend again upon the organisation of the workers and the general economic conditions, which would not warrant me in trying to prophecy.

3560. But supposing the workers are not organised in the employment they drifted into, the remedy you put forward in the one case would operate against the workers in the other case, would it not?—I do not see what reply I can give to you other than the replies I have given generally. We are face to face with difficulties of this nature every month of our lives; people are being dislodged, and it is because of that dislodgment that so much of our troubles exist now.

3561. Do you think that there is a real and genuine desire amongst the workers of this country for a legal eight hours' day?—You were not here yesterday were you?

3562. No, I am sorry to say I was not?—Then I stated yesterday very definitely that there was not anything like a universal desire, and that I am not prepared to insist upon the application of an eight hours' day to those who do not desire it, and therefore I proposed a plan whereby it should only apply to those who are connected with the trade that has asked for its application. So that I am not prepared to thrust it upon wollen workers or anybody else. I am prepared to assist in the development of machinery that shall enable them to give effect to their desires when they desire to give effect to them.

3563. I think you mentioned some exemption clauses in its application to the agricultural interest of the country; would you apply the same to other trades as you would apply to agriculture?—I did not mention any protective clauses.

3564. Not protective, but clauses to enable them to work longer hours, exemption clauses?—Yes, I have said that. I will read to you what I have said: "Overtime to be a punishable "offence, both for employer and worker, except "in cases of special emergency, such as 'break-"downs,' &c., or in the case of agricultural "labourers, when special provision would be "made." Now, referring to my actual paper

Mr. *Austin*—continued.

submitted to the Commissioners, on page 5, clause 2, I say "The question of overtime it is "urged by supporters of the last-mentioned "method, should be dealt with vigorously, and "made a punishable offence both for employer "and worker, except in cases of emergency, when "exemption should be made by a local council, "composed of employers and workers."

3565. As regards this board of arbitration to be constituted on the lines you have laid down, do you think, taking the engineers in a general strike, that board would possess the confidence of the workmen?—It might or might not. All we can say is that the greatest care would have to be taken in seeing that the various organised trades had the opportunity of deciding who these men should be. That being done, it is about all we could do. It would still be quite possible that certain trades would have nothing whatsoever to do with the board of arbitration. What we are proposing is that that kind of machine shall be available for those who desire to make use of it.

3566. You know very well yourself that in any arbitration boards that are in existence up to the present time, that whatever trade is concerned in a dispute, certainly does look forward to have their trade represented directly by one of themselves?—Yes.

3567. And in that respect how would it operate on a board constituted on the lines you mention?—It would be absolutely impossible by any arrangement that I know of to have a board of arbitration or arbitrators which had on it representatives of every trade in the country. Please remember that I am not proposing to supersede voluntary boards of arbitration, or mediation, or conciliation, or joint committees; but I propose to encourage their formation, and to allow them to settle the whole difficulty if they can. It is when they cannot that they should be referred to a higher tribunal.

Mr. *Plimsoll.*

3568. You have contended very strongly for the right of workmen to combine, and for employers to combine, and I agree with you entirely in all that; but you also contend for the right of capitalists to combine. Of course, so long as their combination was for the carrying out of large enterprises, like the making of a railway, it could not be done without combination; and in respect of legislation, I am with you there; but I understood you to say, in answer to some questions from one of the Commissioners, not from me certainly, that you approved also of rings and syndicates. Had you carefully thought out that answer before you gave it, or were you surprised into giving it?—I forget whether I used the terms "approved of rings and syndicates." I know I approve of syndicates; I did not do it inadvertently. I do approve of them, and I am not afraid of rings even. I know they are productive of evil effects; but I believe that we can guard ourselves against these evil effects, and I look upon such combinations as being very probable during

Mr. *Plimsoll*—continued.

the transition period. I take them as a sign of a general desire on the part of those termed capitalists to control trade on more general lines which fit in with my own desire.

3569. Are you aware that more than 500 rings or syndicates have been formed during the last three years in America, and that they now include nearly everything which the people of America drink, or eat, or wear, or use, and that in such matters are included sugar, salt, window panes, sewer pipes, tinned biscuits, school slates, and pearl barley ?—I did not know the number. I knew they were on the increase rapidly; but even then I am not alarmed.

3570. Would you be alarmed if I told you it is found that on the average they have raised the prices of the things used by the working people by 53½ per cent. ?—If that be so it is a splendid lesson to the workers to render those people unnecessary in future.

3571. I do not know how they are to do it. It is estimated that more than two thousand millions of dollars are now in these rings, and that the two thousand millions of dollars is considerably more than two-thirds of the manufacturing capital of the United States. I think you said on Monday, amongst other things, that they do tend to stimulate production, but are you aware that some of those syndicates buy up all the sources of supply for the express purpose of shutting down mills when they find they cannot keep up the prices without that ?—I understand that all these evils have resulted from the formation of such rings.

3572. Are you aware that in order to conceal profits, when those profits would be in some cases 100 per cent, they water the capital by issuing fresh shares to the shareholders, upon which nothing has been paid ?—I have heard that such practices have been carried on, and I have heard of a great many of such things nearer home than America.

3573. I want you to see the danger we are in of adopting this system. I am not excusing anything in England at all ?—Quite so.

Mr. *Dale*.

3574. You are very well able to take care of yourself, Mr. Mann, but it seems to me you are perhaps leaving on Mr. Plimsoll's mind the impression, from the manner in which you spoke of rings, that you regarded them with approval. The impression left upon my mind was this, that you regarded the substitution of the large employer for the small employer, and the combination of several employers, being producers, with some degree of favour as being a transition towards municipal or State employment ?—Exactly that.

Mr. *Dale*—continued.

3575. It was because it partook to some extent of an approximation to that character, but as regards rings, meaning thereby a combination of speculators in any necessary article of life, you did not look upon them with favour. You thought that the very evils which they exhibited would so awaken attention as that the system under which they are possible would soon disappear ?—I thank you for stating the case of my own views much more clearly than I had done myself, perhaps through lack of patience.

Mr. *Plimsoll*.

3576. Would you be surprised to hear that the ring, having possession of the supplies of sugar, they water their stock so that their original capital of 20,000,000 dollars, which is all the money put into it, has been watered to the extent of 5½ million dollars so as to conceal the enormous profits that they are taking out of the pockets of the working classes of America ?—I did not know to what extent they had done it.

3577. Are you aware that all thoughtful Americans regard this as a terrible evil, and desire to put it down by the State legislature passing Acts for the purpose. If you do not know you will take it from me that these rings and syndicates are taking from the working classes of America now in profits that are not necessary since they do not produce, and do not distribute many times the amount of the national taxation, both Federal and State, and that President Cleveland has such a strong opinion on this subject that he has recently declared that he abhors these rings, and I hope we shall do so in this country ?—I thank you for the information.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

EIGHTH DAY.

Commission Room, Westminster Hall, Thursday, 17th November 1892.

PRESENT:

THE RIGHT HON. LEONARD H. COURTNEY, M.P. (IN THE CHAIR).

The Right Hon. Sir MICHAEL E. HICKS BEACH, Bart., M.P.
The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. T. H. ISMAY.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. SIDNEY WEBB called and examined.

Mr. *Courtney.*

3578. You are a member of the London County Council?—Yes.

3579. And you have been lecturer on political economy?—Yes.

3580. Will you tell us where, and what length of time?—I have lectured on political economy at various places, none of which are of any great importance, spread over a period of five or six years.

3581. And you have written some essays and books on social subjects?—Yes.

3582. And you have devoted considerable attention to the industrial organisation of society. I believe you claim that there is a movement in this industrial organisation towards the assumption of the direction and control of labour by the community?—Yes, not in any particular way. I thought it was a commonplace. I merely agree with the commonplace.

3583. Will you tell us to what extent you look forward to the realisation of that assumption?—I should be very sorry indeed to set bounds to the future. I think the progress is indefinite, I will not say infinite.

3584. It might be in the future complete?—No, I can never imagine that anything in the future will be complete.

3585. I do not mean that it would be final, that there would be no modification, but that in any condition under our contemplation there would at that time be an absolute and universal control of the organisation of labour by the community?—I consider that there is at this moment a complete control of the organisation of labour by the community. It is only a question to what degree of detail that control is carried, and it is difficult to suggest any limit to that detail, or to name any point at which it would be complete.

Mr. *Courtney*—continued.

3586. The absolute control which exists now is, I suppose, the dominion of the law?—Exactly.

3587. But the control under contemplation is as to the direction and the form industry should take, and the pursuits it should carry on?—I apprehend that that is the condition of things to-day in our labour code, which has been formed during the last 90 years.

3588. Will you explain in detail how you think that is the case now?—It is a little difficult to know exactly what the Commission would wish me to say on that point. I have already explained that I do not consider that I have any evidence, properly so-called, to give on the subject of the Commission's inquiry, as I am neither an employer nor one of the employed. I am here at the request of the Commission to answer questions that may be put to me. I should be very happy to give any explanation that the Commission wishes, but I apprehend that the terms of the Factory Acts are familiar to all the Commissioners—our large, thick sanitary code; our code of legislation about accidents. I suppose, too, the enormous extent of municipal and national employment and direction of industry is also familiar to the Commission. I am not aware that I have any special information on this point.

3589. What is the code about accidents to which you refer?—It is embodied in a great many Acts of Parliament, and to some extent in the common law. The liability at common law is modified by various clauses of the Factory Acts, and now by various clauses in the Employers' Liability Act.

3590. So far as the principle is a principle at common law it cannot have originated in the last 90 years?—No, I should be very sorry to say that anything that is now existing had originated in the last 90 years

Mr. *Courtney*—continued.

3591. It is a new development?—I think it is.

3592. In what respect is it a new development? I am speaking now of the code of accidents?—It is embodied in the Factory Acts.

3593. You mean provisions for the prevention of accidents, taking extra care?—Yes.

3594. And as to compensation?—That is embodied in the Employers' Liability Acts.

3595. You dwell on the Factory Acts, the code of accidents, and the development of municipal and State employment of labour?—Yes.

3596. Anything more than this?—I fail rather to understand what I should suggest. My meaning is, that the principle which is usually followed, generally unconsciously, in all legislative action to-day is a different principle from that which would have been followed 70 or 80 years ago.

3597. There has been in the last 70 or 80 years an entirely new direction, a new principle?—Yes.

3598. Will you explain what that new principle is?—I can best put it clearly by an example. At the time of the Ten Hours Bill agitation, all the political economists were supposed, and I think rightly supposed, to be against the Ten Hours Bill. Practically all the statesmen were against the Ten Hours Bill. I think a large body of instructed opinion was against it. Now I suppose there has been a complete reversal, and all those classes would now be strongly in favour of the Ten Hours Bill and of the principle which is there implied. I take that as a complete change of principle in dealing with the matter.

3599. What is the principle implied in that Ten Hours Bill, according to your view?—I think the principle implied in that Ten Hours Bill, which is only a type of a great deal of legislation, is that the interests of the community cannot be left to unrestricted individual competition, and must be deliberately and consciously protected by collective control.

3600. Was that principle recognised by its advocates?—I should say by some of its advocates. Unfortunately in England few people are men of principle, but they generally build better than they know.

3601. The Bill as proposed was to affect a particular class of workers, was it not?—In terms, yes; but it was perfectly well known that it would in fact apply to others. It was stated in the debate that it would so apply. It was admitted by the Minister in charge that it would so apply, and it has universally been recognised since that it does so apply in effect.

3602. The motive of the Bill was not, as alleged by its authors, to protect those who might be influenced ultimately by its action?—I think it was.

3603. Did they assert that as their motive?—Yes; you will find by a study of the agitation that the agitation was mainly conducted by the adult male spinners, who made no secret of the fact that they wished their own hours shortened thereby.

Mr. *Courtney*—continued.

3604. Was that the view of the parliamentary advocates of the Bill?—I do not know what the view of the parliamentary advocates really was. Of course they endeavoured to salve the economic conscience and the legislative conscience of the House of Commons, by assuming that it was for women and children, just as was done in 1875 with the amendment of the Factory Act at that date, and as I daresay will be done with any future amendments. But these things deceive nobody, as Mr. John Morley observes.

3605. Although it may have been urged that the legislation was for the protection of those who could not protect themselves, meaning women and children, it was intended to protect a much larger class—the adult males also?—Excuse me, that is a big assumption. I decline to class women and children together. The woman is very often economically stronger than the man.

3606. I am only putting the argument which was then adduced. Is it a fair statement of the argument that was then adduced?—No, I think it is an incomplete statement.

3607. Will you correct it?—I think the argument was that the condition of things in Lancashire had become horribly bad, a state of white slavery; that the power of the community had to be called in to rectify the abuses of private enterprise; the power of the community was so called in, and it has rectified, according to evidence, those abuses.

3608. And that was done in the teeth of the economists and statesmen of the time?—Yes; a leading economist, Mr. Nassau Senior, was engaged by the mill owners to agitate and write and prove from political economy that the Ten Hours Bill was altogether on a wrong principle. The change that I assert has taken place is marked by the fact that I do not think any leading economist would nowadays undertake such a task as against the Eight Hours Bill Indeed it is most noticeable how very careful the economists have been not to commit themselves to opposition to the Eight Hours Bill.

3609. Was Mr. Mill at that time a student of political economy?—I believe he was a student, but I believe he was also a servant of the India Office, so that his opinion was not publicly known.

3610. He was a writer. He wrote in the "Westminster Review" at that time, did not he?—I believe he did.

3611. You do not know what his attitude of mind was at that time?—No, I do not know that he expressed any at that time.

3612. Your view is then, with respect to the extent of State action, the Factory Acts were adopted, consciously or unconsciously, as a recognition of the principle of the organisation of adult labour?—No, excuse me. I do not say anything of the kind. I would say, in the words of Mr. John Morley, that the Factory Acts were adopted as a recognition of the principle that unfettered individual competition is not a principle to which the regulation of industry may be entrusted. I think those are the exact words.

Mr. *Courtney*—continued.

3613. Can be wholly entrusted ?—He said entrusted.

3614. And you think he meant to exclude the word "wholly"?—From Mr. Morley's enthusiastic admiration for the labour code as applied to men as well as to women and children, and his criticism of Cobden on that point in his life of Cobden, I assume he did mean that.

3615. At all events you yourself would not put in the word "wholly"?—I would not put in the word "wholly."

3616. You think it is not merely a correction of organised direction, but a setting aside of it? —I do not say that.

3617. Is not that what it means?—You probably mean that. I do not.

3618. What is your own view as to dropping the word "wholly"?—Excuse me, I do not quite understand, I was quoting a passage from Mr. John Morley. I should be very sorry to attempt to put a sense upon Mr. Morley's meaning.

3619. I asked you whether you would assent to put in the word "wholly" there, you said "No." I want to know what your view is of the force of not putting in the word "wholly"?—When you say you cannot entrust anything to one principle, I apprehend that whether you say that, or whether you say you cannot wholly entrust it to one principle, the meaning is not absolutely contradictory. It is a shade of meaning which I do not think I am competent at this moment accurately to define, at any rate not more competent than the Commissioners themselves.

3620. You would not put in the word "wholly." That is what I understood you to say?—I should be very sorry to alter Mr. John Morley's very emphatic sentence.

3621. I am not wishing you to alter what he said. I want to know whether you would take what he said with or without that correction?—I adopt what he said.

3622. And you would not prefer to have it corrected?—I would not prefer to have it corrected. Mr. Morley is a master of English, and I should be sorry to interfere with his sentence. I prefer to remain by Mr. John Morley's expression of the fact. We are now inquiring into a question of fact as to the change which has taken place in England. Mr. John Morley, making a careful study of that change, gave that opinion.

Mr. *Mundella.*

3623. Would you kindly repeat the words?—Mr. Morley said, "The answer of modern states-
"manship is that unfettered individual competi-
"tion is not a principle to which the regulation
"of industry may be entrusted."

Mr. *Courtney.*

3624. Then you also dwell largely upon the increase of municipal organisation of labour?—I have dwelt on that in my books.

3625. Can you give some illustration of that increase?—I have given many illustrations.

Mr. *Courtney*—continued.

Possibly the illustration of the London County Council is a very striking one. We have in our employment at this moment about twice as many people as were in the employment of the Metropolitan Board of Works four years ago.

3626. That of course is a recent experience to appeal to?—Yes. But the Commission will be aware that London is only lately following in the wake of the large municipalities.

3627. Then you might refer to the older experience of the other municipalities?—It might equally well be done.

3628. Can you give us some illustrations of that?—I should be very loth to do so. I am not an authority on the provincial municipalities. I can refer the Commission to various sources where they would find the particulars as to the action of municipalities very much better stated than I can give it.

3629. Surely you are able to give us some general statement of what the municipalities have been doing in the way of organising labour or assuming branches of labour?—Municipalities have taken over large branches of industry—the supply of water, the supply of gas, the construction of tramways, and, to a small extent, the working of tramways. They are largely doing their own building and other work necessary for the purposes of the municipality. It is computed by Mr. Giffen that they control a capital of something like 300 or 400 millions.

3630. And in taking over the supply of water and the supply of gas and the tramways, the municipalities have assumed necessarily monopolised industries?—Not at all. The supply of water is not a monopoly in London. All sorts of careful precautions were taken by the State to prevent it being a monopoly, and in nearly all parts of London more than one company has power to supply, and in some parts four companies.

3631. I was speaking of those municipalities that have taken over the supply?—You were suggesting, I understood, that this business was necessarily a monopoly.

3632. I asked whether those municipalities that had taken over these functions were not taking over monopolies?—I do not know.

3633. Whatever may be the legal position of a company, is it not a fact that owing to the necessity of the case, however liable such company may be to be interfered with, the supply of water and gas is a monopolised action?—Certainly not in the case of gas. As a matter of fact in London there were for a good many years several companies who actually supplied the same area. It is not a monopoly.

3634. That was an extremely inconvenient arrangement?—I should be sorry to offer any opinion upon it. I understand that the old-fashioned school of economists, of whom I would desire to speak with every respect, thought that was the most excellent arrangement that could possibly be made.

3635. Have you any citation of opinion on their part in which they balanced the advantages

Mr. *Courtney*—continued.

and disadvantages ?—I have not come prepared with those, but I am sure you would bear me out in that.

3636. I do not know that I should. But did any of the old-fashioned economists, in accordance with your memory, balance the arguments for and against of having concurrent powers of breaking up the streets for the purpose of laying down gas ?—I do not remember that, but I do remember that the principle (and remember that we are talking only of the principle) which guided the economists of 50 or 60 years ago, and the principle which guided the statesmen of 50 or 60 years ago, was an endeavour to secure the fullest possible competition in every branch of industry, and to protect the public interests by securing that very competition.

3637. Did not it come to be recognised almost at once, if not at once, that in certain cases competition was very inconvenient, and you must get the advantages by some other process ?—I believe that is not by any means recognised, even yet, by economists.

3638. I said in some cases ?—I believe there were some economists who made an earlier repentance than others.

3639. I did not ask you whether some economists came to that conclusion, but what I asked you was this, did not it speedily become recognised that in some cases open competition was very inconvenient and unpracticable, and the advantages supposed to be secured by it must be endeavoured to be secured by other plans ?—That was recognised by some people. My whole point is that it has been more and more recognised by the great mass of practical people in England, though still, unfortunately to some extent, not by some of the economists and some of the philosophers.

3640. Would you lay down any limit to the recognition at present ?—No. I know of no limit.

3641. I mean practical recognition ?—I know no limit.

3642. You say it has got to be more and more recognised. Are you conscious—in the minds of those who recognised the limitation of that old principle—that they limit any principle that they are able to lay down in limitation of the former principle ?—I have not been able to discover, in studying the various things which public authorities in one part or another of this empire do, any principle or any limit that one could lay down to collective action as opposed to individual action, because the questions are so diverse and various. For instance, the British Government runs a theatre at Malta. I have not been able to discover any principle at all for that.

Mr. *Mundella.*

3643. Do you mean runs a theatre or makes a subsidy ?—No, it has built a theatre out of public funds, and grants it free to a *quasi* official committee which is largely composed of Government officers.

3644. It is subsidised ?

Mr. *Courtney.*

It is a branch of public education.

(*Witness.*) No doubt it is a branch of public education. It has been advocated very strenuously that it should be undertaken in this country as a branch of education.

3645. But we need not go to Malta. We had better take what has been done in our own country ?—I would rather take Malta, because it has been done there by a Minister of the Crown and a member of the Cabinet, and responsible to Parliament.

3646. But you are not able to discover in the powers which have been sought for by municipalities, and granted by Parliament, any definition restricting the character of the applications of the principle ?—Let me give you an instance. The other day the Corporation of Manchester decided to manufacture its own bass brooms. I am not able to understand any limit which would include that action and exclude any other action whatever.

3647. It is a rule of thumb ?—I should be very sorry to cast any reflection upon the capability of the men who have the direction of our municipalities. I have been suggesting that there has been a complete change of practice.

3648. There is no reflection cast in saying it was a rule of thumb. It is only an experimental trial of one thing after another ?—Possibly.

3649. And would you accept that phrase, that the municipalities try experiments one after another extending the sphere of their experiments ?—Yes; but it is a curious feature of the fact that I do not know any case in which a municipality has adopted collective action in place of individual competition where it has ever retraced its steps or reversed its action.

3650. Has there been a comparatively recent great extension of municipal action ?—No; I believe it began from the very inception of the reformed municipalities after 1835, and that it gathered weight steadily. I am not prepared to say that it has been enormously extending of recent years, except in London.

3651. This bass-broom business is a new thing ?—I should not like to build much upon the bass-broom incident. I quoted it in search of a limit, at your request.

3652. And you look forward to a continued extension of municipal action ?—I think it is probable.

3653. You would yourself wish it to be made experimentally and gradually ?—It will necessarily be made gradually.

3654. But does not that correspond with your desire also ?—The nature of man being what it is, I am afraid even the London County Council could not extend its functions more than gradually.

3655. At all events you look forward without any anxiety to the continued extension of industrial action on the part of municipalities ?—Yes.

3656. And by the State ?—And by the State.

3657. And the old notions of which Mr. Cobden was the exponent when he wrote about the State as an employer, you discard entirely ?

Mr. *Courtney*—continued.

—Yes. I should wish to say something about the State as an employer, if this is a convenient moment.

3658. You are aware that he did write very vigorously against the State supplying its own army and navy supplies?—I am obliged to you for so excellent an illustration of the change of feeling that has come over men on this subject.

3659. You are aware that he did write?—Yes.

3660. Are you acquainted with his arguments?—Yes, and I am not acquainted with any public man to-day who would endorse them.

3661. Does his biographer dissent from them?—Entirely, I understand. At any rate I am not aware that Mr. Morley, as a Minister of the Crown, has taken any steps whatever to limit the manufacturing done for the Government. On the contrary, in the years during which Mr. Morley was in power there was an extension of the manufacturing by the Government.

3662. Do you mean the assumption of new manufactures, or a larger share of the work being done by the Government?—To some extent, and assumption of new manufactures. The only one that occurs to me at this moment is the manufacture of the army clothing. I have forgotten the date, but it is not many years since it began.

3663. Long before Mr. Morley was a member of the Government?—Possibly, yes.

3664. You are not aware of any assumption of new industries on the part of the Government since his time, so as to commit him to an approval of the principle?—Excuse me, he is committed to an approval of the principle, because he has not protested against it, nor, so far as we are aware, taken any steps to limit it. On the contrary, in various speeches he has given approval to the new principle. I refer especially to a speech at the Eighty Club in December 1889.

3665. Can you tell us what the essence of that speech was?—The essence of that speech was opposition to the Eight Hours Bill, and along with that opposition approval of almost every other proposal that I had heard made by the new school.

3666. The extension of State industries?—Yes. Mr. Morley, if you will remember, was very emphatic as to the duty of the State to find some remedy in the nature of honourable work for the men out of work, an opinion which I should be very sorry to endorse without further qualification.

3667. Perhaps we had better have him here to examine him?—I think it would be very desirable if you would call so important a witness as to the change of opinion among statesmen on this point.

3668. With regard to the extension of municipal industries, do you look forward to the direct control of those industries by the municipalities?—That has been a marked feature.

3669. Do you look forward to it?—Yes.

3670. A direct control, and organisation, and conduct?—I am only offering an opinion as to what will be the probable course. I think it is the probable course.

Mr. *Courtney*—continued.

3671. And that is what you ask for?—That agrees with my principles.

3672. So that, for example, the tramways should not merely be the property of the municipality, leased out to workers on shorter or longer terms, but should be worked by the municipality?—Certainly.

3673. And their *employés* should be direct servants of the municipality?—Yes.

3674. And you think the municipality would be capable of directing that and similar industries?—I think that that is a composite question which I must break up. I think that the capacity of a public authority to manage a particular industry itself depends on the circumstances of the time, and on the industry and the character of the citizens. If I may give an illustration: 20 years ago very few people would have thought that the public authority of London was fit to manage its own water supply without any intermediary. Probably many people would doubt whether it could manage its own bakeries. I will not venture to say whether 20 years hence we shall not be equally agreed that it is fit to manage its own bakeries.

3675. You say it is commonly admitted that the people of London are fit to manage their own water supply. Do you carry that to the extent of saying it is commonly agreed that the County Council of London is fit to manage it?—That is a detail. I would rather use the words "a public authority of some kind." I apprehend it is not a matter of importance whether that should be the county council or any other public authority.

3676. What you mean to say is, general opinion now would favour some trust?—Some municipal action, some public action, rather than private action for private profit.

3677. You see no principle to discriminate between the supply of water and the supply of bread?—Certainly not. It is a question of comparative difficulty of organisation. There are serious differences in that respect.

3678. As a municipality extends its sphere of action, would it in each branch of industry claim and be conceded a monopoly?—I am sure I do not know. It would probably vary according to the municipality, the state of mind of Parliament at the time, and the circumstances of the industry.

3679. I am asking what you yourself would advocate?—That, too, would differ according to the industry.

3680. It would differ with the industry?—And other circumstances.

3681. Would you advocate it in the case of water?—I am not prepared to say that I would, necessarily. Let us take a case we are probably agreed about, the case of coining. The Government, in conducting the coining of moneys, has an absolute monopoly, although this was once a recognised source of private profit for individuals.

Mr. *Courtney*—continued.

On the other hand, the Government in some other of its functions does not claim any monopoly.

3682. Which functions are you referring to?—The Government endows political economy and maintains political economists, but it does not prevent persons carrying on political economy for private profit.

3683. Have economists any industrial function?—I should be very sorry indeed to say whether economists had any industrial function or not.

3684. Have you any practical case which you can mention?—Yes, for instance, the Government carries our messages by message boys. It has just been decided that it is not convenient that it should claim a monopoly of that service. That is a recent instance. Parcels Post is another.

3685. And your advocacy would depend upon the particular industry and the particular place where it was exercised, as to whether it should be monopolised or not?—Yes, at that particular time.

3686. Would you proceed in that also experimentally?—Gradually rather than experimentally.

3687. Then if it is only gradual and not experimental, you must have some view as to the right principle to be aimed at?—I believe on the whole it is desirable that where the community by its own organisation can dispense with the middleman, it is cheaper and better for it to dispense with the middleman.

3688. We are not talking about the middleman now, we are talking about the question of the establishment of a monopoly?—I beg your pardon. As to whether public action in supersession of the middleman *entrepreneur* should or should not be a monopoly I think depends entirely upon the circumstances of the place, and time and service.

3689. That amounts to saying that you would proceed experimentally?—I think not.

3690. Does it not?—I have no serious objection to your phrase.

3691. What is the difference?—I only say that some things require a monopoly, and some things do not. I do not propose to proceed experimentally in claiming that monopoly for coining, in spite of the arguments of Mr. Herbert Spencer and Mr. Auberon Herbert to the contrary.

3692. Take a new case?—I am not sure that the principle is any the worse, because it is an old one. I point out that the principle of free competition goes so far as to claim coining as a concern of private enterprise, and there are logical philosophers who do not shrink from that statement. I on the other hand, do not think that is a matter of experiment at all.

3693. You mean it is a matter established by past experiment?—Yes.

3694. We are looking forward to the future. I wish to know whether you propose to establish monopolies, as municipal industries are extended, and you answer it would depend upon the time, the place, and the conditions of the industry?—Yes.

Mr. *Courtney*—continued.

3695. Then I asked you whether that meant you would proceed experimentally, that is to say, trying how it would answer with respect to particular industries and particular places, and, if success followed, go on in that direction; or upon what principle you would proceed?—I have no objection to your word "experimentally." I possibly did not catch the right phrase.

3696. I think you refused to take it?—I do not mind, I accept it. At any rate, to save time, I accept it.

3697. In view of your advocacy in future of the extension of municipal action assuming industries, would your action be guided by watching the effects of the different experiments, or would you say, "Although I may "defer adopting the plan here, or the plan "there, I have already determined the con-"ditions under which they should be applied"?—I would certainly watch the conditions of each experiment.

3698. No doubt you would. But what would your action proceed upon? Would it proceed upon that watching, or independently?—I should scarcely be so foolish as to watch the conditions of the experiment without allowing that watching to have some influence on my conduct.

3699. And with respect to your solution of these theories, you are not waiting to see how they would work?—No.

3700. Then, to give an example: supposing a bakery were established in London, what would be your view as to the question of whether it should be a monopoly or not?—As at present advised, with any municipal bakery at all likely to be established in the near future, I should certainly not propose that any application should be made to the House of Commons for parliamentary powers to establish a monopoly.

3701. And would that apply to the small municipalities as well?—I should rather leave that to be decided by the small municipalities.

3702. You look to an extension of municipal action also with respect to the land?—Yes; but I do not know that I am peculiar in that. I believe it is an accepted principle of one great party in the State at any rate, to establish parish councils, with large powers of acquiring land.

3703. Parish councils with powers to acquire land. Do you say that is a principle of one great party of the State now?—I thought so. I should not like to attempt to define what the principle of either great party of the State is.

3704. But whether you are backed up by the party or not, you yourself are in favour of it?—I am in favour of that

3705. That is a case of buying land?—Yes.

3706. And is your proposed extension of municipalities limited by the mode of buying?—No.

3707. In what further direction would you go?—I think we shall see a considerable extension of the already obvious action of local

Mr. *Courtney*—continued.

authorities generally in taxing land, or rather rent.

3708. What obvious action do you refer to?—The large increase in rates which has taken place during the last 40 years.

3709. Do you look upon that as taxation of land?—I do.

3710. In towns and municipalities?—Leaving out the difficult and intricate question of economic friction, which I apprehend the Commission would hardly wish to go into, I should say that an increase in rates is, to an indefinite extent, an increased taxation of rent.

3711. Taxation of land, I think you said just now. Is there any difference between the two?—I believe not, not in my mind. That is to say, any other form of taxation of land other than taxation of rent is very seldom heard of nowadays.

3712. The increase of rates which has taken place has been in respect of increased services?—No, not entirely, I think.

3713. How far has it not been?—The large amount of what I may call collective philanthropy, connected with the care of the poor, the sick, the children, and lunatics.

3714. You do not look upon the education of the children as a service to the community, but as a philanthropic action?—I was not at that moment thinking of the Education Act and the School Boards, but of other forms of caring for children; but it is hardly worth discriminating, is it?

3715. Yes, I should think it is worth finding out what your opinion is in that respect?—I make no discrimination.

3716. And you think there has been not merely an increase of taxation in respect of common services, but an increase of taxation with respect to increased philanthropy, care of the poor?—Yes, the care of the poor, the sick, the children, and the lunatics.

3717. Apart from the sphere of the old Poor Law?—I really am not quite sure what could not be included in the sphere of the old Poor Law, as it was so very indefinite At any rate, there has been a marked increase from 1835, the time of the new Poor Law, which is the period from which I am speaking.

3718. Do you mean an extension of the sphere of the poor law as it was laid down in 1835?—Yes.

3719. A markedly increased extension?—Or rather I wish to distinguish. The Poor Law Commissioners of 1834 were, in my opinion, very much less rigid, and less, as it seems to me, wrong, than is the common impression in their recommendations.

3720. But we start from the parliamentary adoption of the new Poor Law, and you say that recent action has been a great extension of the principles adopted by Parliament in 1835, or which guided Parliament in 1835?—I do not wish to confine my view of the Parliament of 1835 to the new Poor Law. I am only comparing 1892 with that period generally.

Mr. *Courtney*—continued.

3721. And the economic question is, has there been an extension of local taxation in consequence of the extension of the sphere of the Poor Law?—No, I do not say that. I especially said I declined to speak about the sphere of the old Poor Law.

3722. We are talking about the 1835 Poor Law now?—I am not prepared at this moment to say how far there has been an extension of the Poor Law Act, 1835. All I say is that there has been a vastly increased expenditure, and therefore a vast increase of rate. It is immaterial for the purposes of the Commission, I apprehend, how far that was included within the scope of, the Act of 1835, which was an extremely vague and indefinite Act.

3723. We are inquiring as to your views as to the possible extension of municipal action?—I should be delighted to give the Commission any information in my power on that or any other point. But I apprehend the Commission would hardly wish me to argue the question or debate the question.

3724. We are inquiring into your views as to possible extension of municipal action and muncipal rates. You say municipal rates have recently received a great addition in consequence, among other things, of a considerable extension of poor law expenditure?—I do not say recently, but that during the last 50 years the amount raised by rates has largely increased in consequence, among other things, of the extension of what I call collective philanthropy, the amount expended out of public funds for the sick, children, lunatics, and the poor.

3725. And has that increase been relatively a great increase? Has it been an increase of rate in the pound?—No, I think that the progress of the country in rent has been very large, perhaps correspondingly large, but that is nothing to the point.

3726. I only wished to ask you your view as to that fact?—I venture to say that I have no statistics on that point by me, and if the Commission would wish for information on that point I would suggest I am not the person to ask. It is possible to obtain the exact information.

3727. We wish to inquire also as to your view of the possible extension of municipal taxation?—I have no limit to the possible extension.

3728. Whether it increases the rate in the pound or not?—Whether or not.

3729. I see, according to this paper (*see Appendix* LXXIII.), you look forward to a revision of taxation, with a view to the ultimate and gradual extinction of rent?—No; I desire that.

3730. You desire it, and you dissent from this view which has been put upon this summary. The extension of municipal activity must be logically followed, in your view, by a complete revision of taxation, with a view to the ultimate and gradual extinction of the class of recipients of rent and interest?—I beg your pardon. I do not think that is there stated.

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3731. I have used the words on page 3, column 2 of the summary ?—Those words, I see, are there, but they are not my words. I wish to say that, although this is an admirable summary as a summary of my books, of course I would wish to be bound by my own words only. My objection, however, I may say, is rather to any view as to a forecast of what will happen. The mere fact that a thing logically follows does not appear to my mind any very large reason for expecting it is going to follow in England.

3732. Am I right in saying you dissent from that expression ?—As a forecast of what is going to happen necessarily, yes.

3733. And you dissent from the statement "must be logically followed" ?—I should be sorry to limit the capacity of logicians for getting out of a position, and I can imagine it might not be so followed.

3734. You look forward to an extension of the Factory Act. The principle of which we have been already talking about ?—I believe that is already adopted in principle by both parties of the State. I should like to particularise. My view of the extension of the Factory Acts is that they should be treated in policy as a whole, and I wish to lay special stress on that part of the extension and amendment of the Factory Acts which relates to the sweating system. I venture to suggest to the attention of the Commission that it is of the highest importance that the extension of the public control in the better organised industries should be accompanied by an extension of that control in the degraded industries. That is to say, that we should be running a grave danger of fostering the sweated industries at the expense of the regulated trades if we ignored and neglected the continued existence of the sweating system in our midst. I venture to urge upon the Commission the importance of including some recommendations (as it is within their reference) for dealing with the degraded and demoralised industries of which the conditions, I apprehend, are not satisfactory even to the oldest of our economists. I have some proposals, which are not in any sense peculiar to myself, for dealing with the sweated industries, to which I should wish the attention of the Commission rather, perhaps, than to mere dialectical points.

3735. Will you explain that ?—At the present time we know, upon the authority of Mr. Charles Booth's statistics, that a very large number of the population in London are living under conditions which are positively injurious to their health and efficiency, and, indeed, I suggest myself that a great part of the industrial problem of East London arises from that condition of degraded efficiency. At the present time the work done at home is, provided anyone is employed for hire in the home, nominally subject to the Factory Acts in the same way as work done in a factory. But there has, I believe, been no adequate attempt by the Home Office to obtain a sufficient staff for the Factory Department for them to carry out even the existing law.

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3736. What is the law with respect to home work ?—Work done at home is done in a workshop, if there is any person employed there, under the Factory Acts, and the regulations for a workshop which is also a dwelling, provided any person is employed therein, are identical with an equivalent workshop which is not also used as a dwelling.

3737. Does the Commission understand you to say that a woman working at home is under the operation of the workshop part of the Factory Acts ?—If she is working at home, and there is anyone employed for hire. I am using the word "employed" as a technical term.

3738. If she takes work home and does it there ?—Not if she does it alone, but if she employs a girl under her, or if she is herself under somebody, then according to the present law that is a workshop.

3739. How do you mean if she is under somebody ?—If she is employed by anyone at home. I am talking of the case in which a woman is employed at wages, for instance, to help someone who is working in the home workshop. There are many such cases, and I would specially draw the attention of the Commission to a case brought into notice by an inquest a few days ago, where a man and his wife took garments from tailors' shops, and usually had two assistants. Two children affected with scarlet fever were in the same room, so that, as the coroner said, the whole surroundings were warm with scarlet fever. That is a workshop which is, under the existing law, under the Factory Acts, liable to inspection, and the occupier liable to penalties.

3740. And the man had two paid assistants ?—Yes, or if he had only one girl it would have been enough. But at the present time these workshops are not as a matter of fact inspected, or even registered, because of the paucity of the staff. In order to deal with these cases there are two alternatives. We may either rely on the existing law, and largely increase the staff, and the system of registration, or we must devise some new system. And I desire to bring to the notice of the Commission the proposals which were included in the Factory Bill brought in by Mr. Sydney Buxton last year (and unfortunately not adopted by that Government, as there was no sufficient pressure from those unfortunate sweated workers), which proposes that the owner under the Public Health Acts of those premises should be required to register those premises himself, and should himself be made liable for the sanitary condition of those premises under the Factory Acts. So that, instead of the occupier, who is a person who is here to-day and gone to-morrow, living in one or two room tenements, you should have, as the person responsible for the sanitary condition of the property from which he draws rent, the owner, who is already responsible in a lesser degree under the existing Sanitary Acts. I think, at the same time, that an analogous responsibility should be placed upon the giver-out of work, who, in order to avoid his responsibilities as a factory

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occupier, chooses to have his work done in the homes of his workpeople rather than in a factory, where he would be required to carry out various sanitary and other provisions, and exercise a kind of paternal supervision to prevent his workpeople working too long, or in unsanitary conditions. But often, as he himself admits, to avoid that expense, he chooses to give his work out to be done in the homes of the workpeople, and the consequence is, the case which I have described, and a report of which I shall propose, with your permission, to take as read and have put in my evidence :—

"SCARLET FEVER AT A WORKING TAILOR'S.

"*How Infection is spread.*

"Last evening Dr. G. Danford Thomas held " an inquest at Holborn Town Hall on the body " of Rose Eburne, aged five years, daughter of " Samuel Eburne, a journeyman tailor working " at his own home, 53, Devonshire Street, " Queen Square, Holborn. According to the " mother of the deceased, she had now four " children living, two of whom had been " removed to a fever hospital. Her husband, " herself, and family occupied three rooms at " 53, Devonshire Street, two at the top of the " house and a kitchen in the basement.—Mr. " Stripling, coroner's officer, said the top rooms " were attics with a slanting roof.—Mrs. Eburne " (continuing) said the first top room was used " as a workroom, and the attic behind as a " sleeping apartment. Her husband brought " home garments to make up from tailors' " shops, and usually had two assistants. On " Monday, the 31st ult., the deceased first " became ill with pains in her head and legs, " but witness thought she suffered from a cold, " and was not alarmed about her until the " following Saturday, when she set about " securing the attendance of the parochial " doctor, Dr. R. Taylor. He arrived about " noon, but the child was then dead from, as he " said, scarlet fever. Two younger children " affected with scarlet fever were in the after- " noon removed to a fever asylum.—The " Coroner : Is work going on in the front room " now ?—Witness : No. — Replying to the " coroner, Mrs. Eburne said an 'awful smell' " arose in a cellar on a level with a kitchen " they occupied, which smell she attributed to " defective drainage. The sanitary officials " had, she believed, been written to about the " nuisance. A builder had done some repairing " work in the cellar since, but the work was not " completed because the landlord would not pay " him to finish it properly. Hence the smell con- " tinued.—The Coroner : Did the children run in " and out of the top rooms ?—Witness : No, I took " them from the bedroom down to the kitchen; " they never entered the workroom.—The " Coroner : Scarlet fever cannot be propagated " more easily than by infected clothing. The " clothes which your husband made with " assistance would pass on to customers, and in " this way infection spreads.—Mary Ann Cain,

Mr. *Courtney*—continued.

" a tailoress, who worked, but did not reside " in the house, said the two tops rooms did " not communicate by folding doors. There " was a separate door to each room.—The " Coroner : You have your meals there, sit at " the same table with your employer and his " family, and handle the clothes which are " being made up just after handling the children. " —Dr. Reginald Taylor, parochial medical " officer, said the deceased died from syncope " consequent upon pneumonia, produced by " scarlet fever. Besides the two other children " whom he had ordered away to the asylum, " there was a little girl apparently just " recovering from the effects of scarlet fever.— " The Coroner : So that the whole surroundings " were warm with scarlet fever ?—Witness : Yes. " —Samuel Eburne, the father, having given " evidence, Albert Bennet, sanitary inspector in " the service of the Holborn District Board of " Works, explained that a complaint was made " about the house 23 (*sic*), Devonshire Street, in " June last, and on the 11th of the next month " certain cleansing and disinfecting work was " ordered to be done, but no repairs, to a drain; " and he could not say whether there was an " old brick drain or not under the cellar. At " the time witness was the only sanitary " inspector in the district, but since then he had " been provided with an assistant. The witness " said he would at once see to the sanitation of " these premises.—The Coroner: It may be " difficult to get landlords to do all that is " needed when the rents do not pay them.—Mr. " Birch (relieving officer) : The rents, sir ! Why, " these places pay 50 per cent. profit. These " houses are 120 years old, and ought to have " been condemned long ago, in my opinion.— " The jury returned a verdict in accordance " with the medical evidence, and called the " special attention of the Holborn District " Board to the condition of the property."

It is proposed, in order to stop that unfair exemption of the man who chooses to give out his work, as compared with the man who has his work done in a factory, that the foreman should be made responsible under the Factory Act for seeing that the conditions of the Factory Act are complied with in respect of the workshops in which his work is actually done. If he chooses to adopt such a demoralising form of employment as home work, at any rate, we should not, as is at present the case, exempt him from the obligations which the more public spirited employer has to fulfil under the Factory Acts. It is therefore proposed to make the giver-out of work the person responsible for the observation of the Factory Acts, at any rate as regards sanitation, and the ages of the persons employed, in the places where he allows his work to be done; that, in fact, if he chooses to carry on his work not in one factory, but in a series of 50 slum tenement rooms in Spitalfields, that they should collectively be regarded, in the eye of the law, as his factory, and that he should not be allowed to evade his

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responsibilities in that way. I need hardly say that it is expected, of course, that the giver-out of work would, if he were liable for their condition, take care that these slum tenement workrooms were in good condition, and in that way we should supplement, without expense to the public purse, the number of inspectors who are at present employed in the Factory Department. Those were the proposals which were brought in in Mr. Sydney Buxton's Bill last year, and are reprinted in the summary of my writings which has been prepared by order of the Commission (*see Appendix* LXXIII.), as a matter of special importance which the Commission would probably wish to consider.

3741. Do you think the giver-out should be an inspector under that system?—Yes.

3742. But supposing he neglected to inspect?—Then I would fine him, and if necessary imprison him.

3743. Would it not be necessary to have more inspectors to look after such a person?—No; I think not, because a few cases where an important tailor had been fined for allowing clothes to be made up in workshops in which scarlet fever was about, with full publication of his name, would lead him, I think, to prefer to have his things done in factories. At the present time it is said by employers that the balance of advantages between the clothing factory and the slum tenement is so narrow—the superior efficiency of the factory labour so far counter-balancing the cheapness and irresponsibility of getting the work done in slum tenements—that the least push of additional responsibility upon the giver-out of work would in a large number of cases induce him to substitute a factory. And this would, it seems to me, do to a large extent for East London and the other districts where this sweating industry abounds, what the Factory Acts did for the white slavery of Lancashire 60 years ago.

3744. Have you anything more to say with respect to that subject?—I should like to say that the best employers, who give out work at the present time, profess to keep a staff of inspectors in order to see that the workrooms in which their work is done are actually in good condition and good sanitary order, and that their workpeople are decent and healthy. The tailor who made the trousers for the Duke of York, which have lately come so prominently to the front, assures the Queen and the public that all work which he gives out is carefully looked after by an officer in his establishment, who has been an inspector of police, who inspects the homes of his outdoor hands, and whose duty it is to report any case that might be suspicious, or any appearance of want of cleanliness. I believe that Messrs. Barran, the large clothing contractors of Leeds, also keep one or more inspectors to see that such of their work as they give out is done in good healthy premises. The state of things, therefore, is, I suggest, exactly parallel to the condition of factories which led to the imposition of the Factory Acts. All factory employers were not tyrants, or were not bad, even in the worst times of Lancashire. Some of them had an honourable record all through, before the law came. But the bad employers, the careless employers, the employers who had been brought up in the old school of economics, and taught that their duty was to get rich, and that the test of the success of an industry was the profit which it yielded, did not, as we know from the evidence of the Factory Commissioners, observe these precautions. Consequently the factory laws were required, not to coerce the good, but, as is usual with law, to coerce the bad. Similarly at the present time the good employers profess, and I believe actually do carry out, a system of inspection. What is proposed is to prevent the bad employers obtaining the advantage which they would now obtain through their badness. I am of opinion that this, of all amendments of the Factories Act, not even excluding the Eight Hours Bill, is the one most urgently and importantly needed. I think a very grave responsibility rests on those responsible for the administration of the law, and those responsible for advising the Government in these matters, if they do not take into serious consideration the condition of the bad parts of East London, such as Mr. Charles Booth has described, with a view to applying some remedy of collective control to these plague spots of an unregulated individualism.

3745. Does that exhaust what you have to say on that subject?—Yes, I think so.

3746. Now you desire to lay down a maximum working day?—I am in favour of shortening the hours of labour in nearly all occupations, and I am in favour of securing that shortening by legal enactment, where that legal enactment is possible and where it can be effectively carried out without injury.

3747. Can you give us any definition of where it is possible and where it can be carried out without injury?—I should on that point defer to the opinion of those connected with the particular trades. I should not venture to suggest that any amendment of the law either could or ought to be carried out without very grave inquiry and deference to the opinion of those concerned in the industry. That has been the practice in previous Factory Acts, and I apprehend it will be the practice in any future Factory Act.

3748. Do you mean, employers as well as employed expressing those views?—Certainly, I would consult them.

3749. And how would they be consulted?—I do not mind in what way they are consulted. I have no special plan. We have done it over and over again in previous Factory Acts. I do not myself know that the machinery of a Royal Commission is quite the best method of investigation; but it is one method, and there are others.

3750. You mean you would ascertain their opinions and views before you adopted a law. You do not mean to say you would make a law which would be applicable as they thought fit?—Not entirely; certainly not. The law is

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desired in the interests of the whole community, and I would not trust the interests of the community to any trade, either employers or employed.

3751. Then it is not to be a species of law in the nature of local option?—That is a very indefinite statement. On that question I would rather be more precise.

3752. Do you propose that the legislature should lay down a law, having ascertained for itself, as carefully and as well as it can, the conditions of industry, but that it should not give to the particular persons or classes engaged in the particular industries the power to adopt the law for themselves?—It is perfectly certain that any law could only be the expression of the will of the whole nation, or at any rate of the legislating part of the nation. That is the differentia between a law, and, I apprehend, a rule of trading.

3753. Are you not aware that proposals have been made of that nature?—I believe they have.

3754. That the machinery of a law as it were should be adopted by the legislature, and it should be put into operation locally or sectionally by the particular trades and at the particular place?—There have been many proposals of that kind.

3755. But you do not favour those proposals?—I should not like to give an opinion in those general terms about anything, let alone a matter of this kind. I may say, that in my opinion, in all probability, certain strong trades will settle the matter for themselves, and we shall see members of Parliament tumbling over each other in their anxiety to carry out the wishes of the miners, for instance, as they did to carry out the wishes of the cotton operatives last year, and there will be another amendment of the mining law. Probably the strong trades will secure legislation for themselves in that way, in their own particular form. But it appears to me extremely desirable to clear the path of Parliament from this perpetual application for piece-meal legislation for trade after trade, and I should favour some plan by which you might get what would be scientifically a continuous process of legislation, though without the cumbrous machinery of going to the House of Commons and the House of Lords on every occasion. For instance, it has been proposed that instead of the House of Commons adopting a law limiting the hours of railway servants in express terms, power should be given to a Government Department from time to time to issue an order in one way or another limiting those hours, without troubling Parliament, after Parliament had once passed the enabling Act. I think that that type is a more convenient type of amendment of factory legislation in this respect than troubling the House of Commons, as we have done during the last few years, with innumerable small alterations of the Factory Acts. I would suggest that it might be possible to pass an Act of Parliament empowering some authority, such as a responsible Minister of the Crown, upon due application made by those interested, to satisfy himself that there would be a gain to the community in shortening the hours of labour of that particular class, and that it was practicable to do so, and that then he should have power within limits (as he now has power within limits under the Factory Act) to frame an order under that Act applying to that particular industry, as he now has power to frame orders applying to particular industries. In this way the legislative power of the Minister responsible for the Factory Acts (who, in my view, should of course be the Minister responsible for the Labour Department) should be used to lighten the work of Parliament as far as possible from these perpetual applications.

3756. And, to put it in other words, you would have a Labour Minister empowered by Act of Parliament to regulate the hours of labour of a special industry, upon being convinced that it was to the interests of the community that that industry should be regulated?—Yes. That, of course, includes the practicability both of the law and of the carrying out of the law, and in that practicability a very large feature would be the desire of the people concerned to have the law.

3757. The law would not be passed unless Parliament accepted it in the first place?—No. I mean that the practicability of the order which the Minister would make would largely depend upon the desire of the people who would be affected by the order. Their acquiescence in any law or in the carrying out of any such law is a very large factor in its practicability.

3758. The Minister would not be able to impose a law without having in some way ascertained, or believed he had ascertained, the feelings and interests of the persons directly concerned, as well as the mind of the nation?—Quite so. I wish to say I do not put forward this plan as of any authority or any weight. It is merely a suggestion to which I attach no importance at all. I think the course of events will solve how this will be done a greatdeal better than I can solve it.

3759. We must look at every suggestion for what it is worth, and see how it would work. The Minister, at all events, would have a discretion in this matter?—Yes, as he now has with his order under the existing Factory Acts.

3760. Has he any discretion at all equivalent in range to what is proposed under this scheme?—Mr. Asquith has just issued an order imposing obligations upon all manufacturers of clothing, of electro-plate, of files, and of furniture to register the persons to whom he gives out work. That is the type of order to which I refer.

3761. That is surely a very different act of discretion?—It is different in degree. It is a legislative act, scientifically considered.

3762. But is there any responsible Minister now entrusted with any discretion equivalent at all in range to what it is proposed this Labour Minister should have?—I think so, but not of this kind. I should think probably, for instance, that the responsibity of the Prime Minister at

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the present time for all kinds of action is immeasurably greater, as, for instance, in the matter of peace or war, than any such responsibility as I now propose.

3763. You think the action of the Labour Minister would be so controlled?—Pardon me, I did not say Labour Minister.

3764. It does not matter what phrase you use?—Excuse me, I wish to distinguish. I do not think it at all necessary to create a new Ministry.

3765. It may be a new function of an existing Minister?—Yes. Let us say the Home Secretary.

3766. Not the President of the Board of Trade?—I do not wish to be definite on that point. But at the present time the responsibility for the Factory Acts is with the Home Secretary, and I apprehend it would not be proposed to create a Labour Department from which the Factory Department would be left out.

3767. Well, we will take it, the Home Secretary. You think that the responsibility of the Home Secretary would be so controlled by the opinion of the trade and the opinion of the country that he might be safely entrusted with this function?—I think so, within the limits of the Act of Parliament. He is already safely entrusted with many analogous functions under the Factory Acts.

3768. Functions analogous to that of determining the number of hours a day a particular operative shall work?—Yes. He already determines whether a particular class of operative shall work at night or not.

3769. The Act of Parliament would not prescribe any way which should be followed by the Home Secretary in making himself acquainted with the opinion of the trade?—I think in all probability it would, but I am sure I do not know.

3770. Do you make any suggestion?—I do not know that it is necessary. I would suggest that we ought always to act with a very great deal of reference to the trade union concerned, and to the employers' association concerned, and that probably the machinery which is already applied constantly by the Local Government Board in holding inquiries as to the wishes of the people in various localities, might be adopted for this purpose.

3771. You are aware, of course, that this question as to the limitation of the hours of labour is one which has occupied a good deal of attention of late?—I am aware of it.

3772. You know proposals have been made?—Yes.

3773. A proposal for a universal eight hours' day; a proposal such as we had from a member of the Commission the last two days, of what is called a Local Option Bill; and now you are proposing something of a different kind, we should like to have it as fully as possible?—Excuse me, I am not proposing this.

3774. I will say, suggesting?—You ask me in what way it could be done, and I am very anxious to be of service to the Commission, and I am anxious to suggest anything I can. But I have no proposals to make to the Commission.

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3775. Will you call it a suggestion?—Yes.

3776. We shall be glad to have the suggestion worked out, as clearly and fully as you can?—I am very sorry to suggest that, I do not know that I am able to add anything to what I have written on this point. I can read what I have written, if it will be of service to the Commission.

3777. On that special point of the means or methods to be pursued by the Home Secretary in exercising this function, have you anything to say about that, or to read what you have written?—No, it will be familiar to members of the Commission. I am extremely anxious not to take up time.

3778. Possibly it is not familiar to all of them?—I have already said that the Home Secretary had better not be restricted as to the way in which he makes his inquiries. Possibly, Parliament would prescribe certain ways which he must adopt, and you would leave, I presume, the Home Secretary to exercise his discretion, as you now already leave the Home Secretary to exercise his discretion in the analogous cases under the existing Factory Acts. This is only one more amendment to the long list of Factory Acts.

3779. This regulation of a maximum working day, I understand you to say, must be accompanied by a general recognition of a minimum wage?—I am not aware that I said it must be accompanied. It ought to be so accompanied. We ought to have a recognised minimum wage below which no decent employer would pay the persons whom he employs, but I do not propose that this should be a matter of law. To begin with, it is for the Government to set its own house in order. And I should wish to draw attention to the fact, that the national Government at this moment is, in my belief, effecting a very serious injury upon London, and especially upon Deptford and Greenwich (a part exceedingly poor), by paying starvation wages, in defiance of a resolution of the House of Commons, to the labourers employed in the Deptford Victualling Yard, and, I believe, elsewhere. In spite of the House of Commons unanimously adopting a resolution in 1891, that the departments should do their best to secure the payment of wages not less than those current for competent workmen in the particular trade, I regret to say a number of Government Departments paid no attention whatever to that resolution of the House of Commons, although certain departments have, as far as I am informed, adopted it with great loyalty and advantage. For instance, the Customs Department, and the Board of Trade, and the Commissioners of Police have put clauses into their clothing contracts, which are very useful. Yet some of the other departments paid no attention whatever to that order, and I wish to particularise especially the Admiralty, of which Lord Spencer is now the head. The Admiralty, I am informed, have put no conditions whatever in their contracts, in accordance with the decision

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of the House of Commons, and although the Admiralty had at that very date under consideration the wages of the labourers whom they paid at Deptford, they have not made any change in the direction of paying those labourers the wages current for competent workmen in the trade, as directed by the House of Commons. I have drawn the attention of the Admiralty to this, and in particular the attention of Mr. Edmund Robertson, the Civil Lord. I am assured that the matter will be looked into when the Financial Secretary visits the yard in a few days' time. The labourers at Deptford are employed at from 17*s.* to 19*s.* per week. I should like to remind the Commission that Mr. Charles Booth, in classifying labour, classified all those not getting over 1*l.* 1*s.* a week as in poverty, and those families which were not receiving regularly 18*s.* a week as in great poverty and living in chronic want. Now, for the Government to pay in Deptford (which is surely within London, and not even on the borders of London, and which is subject to all the conditions of London rents and London high prices of living), to pay only 18*s.* a week or 17*s.* a week to its adult labourers, even some who have been there for 15 or 20 years, I suggest, is a condition of things which warrants the very serious attention of the Commission. I should like to observe, too, that there are three victualling yards under the Admiralty, one at Deptford, one at Gosport, and one at Devonport; and although it will be familiar to all who are accustomed to deal with wages, that the rates of wages current in a particular trade are much higher in London than in provincial towns, because of the extra cost of living, yet the Admiralty, for some inscrutable reason, have departed from what is the invariable practice of employers of labour, and pay their Deptford labourers exactly the same as they pay the labourers who live at Gosport and Devonport, although those labourers are perhaps able to live on 17*s.* or 18*s.* a week in a way that no London labourer can live. I think one expects that the coming into office of a Liberal Government will be followed, not merely by a change in policy in full dress debate, but by a change in administrative action. I think the country expects from the heads of departments that they shall set, at any rate, not a bad example as employers of labour, but a good example; and the late House of Commons (which will presumably not have been more favourable to such considerations than the present House of Commons) has expressed its desire unanimously that the Public Departments should do what they can to secure the payment of the wages current for competent workmen in a trade. I should wish to explain, I meant no invidious reference to Lord Spencer, who, I am quite sure, will be only too anxious, now that the matter has been brought to his notice, to do justice to those men in accordance with the unanimous decision of the late House of Commons.

3780. Then do you agree with these words: "The regulation of a maximum working day

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"must be accompanied by a general recognition "of a minimum wage"?—I quite agree with that. I mean by the "must" there, that it ought to be accompanied by the recognition of a moral minimum wage. I may say that the London County Council has come to the conclusion that 24*s.* per week for adult workers in London is the moral minimum wage, and we do not pay anyone less than that, without reference to what services they perform, on the ground that we should be adding to the destitution and pauperism of London if we paid anyone lower than that. The poor law authorities of Deptford complain very seriously that the rates of Deptford are increased by this action of the Admiralty in keeping a large number of men at wages which, as we know, and as they must know, are insufficient for the maintenance of a family in London.

3781. There has been a question, I believe, from time to time as to whether labour should be kept on at Deptford at all?—That may be so, but I apprehend that it would not be desired that the labour should be kept on below what the labourer can live upon. I may say that the amounts show that the cost of production at Deptford at the present time is lower in nearly every article than the cost of production at the other two yards—Gosport and Devonport.

3782. To go back to the general question. You hold that whilst the maximum hours should be prescribed somehow or another by law, wherever practicable, there should also be brought home to every employer a standard minimum wage?—Yes, but I have not made any proposals for doing that, except by moral obligation.

3783. Brought home to his conscience?—Yes.

3784. You also apparently in the same connexion advocate technical instruction of able-bodied paupers and provision of relief works for the unemployed?—I should like to say that provision of relief works for the unemployed has reference to such cases of serious distress as the Lancashire Cotton Famine, or the distress in Ireland—that I have not been able to see my way to what are called municipal workshops.

3785. You mean emergent distress?—I regard the dealing with the actual unemployed as a question of poor law, and I think that the Poor Law should be wisely and generously administered in those cases.

3786. You recognise certain objections which have been made to your prevision of industrial organisation of the future. One is, that central authorities could not control interests so numerous, enormous, and complicated?—Those objections and replies you refer to in the Commission's memorandum (*see Appendix* LXXIII.) are not mine at all.

3787. You are aware of course that there have been objections raised such as have been referred to here?—I believe Mr. Herbert Spencer has a whole volume of them.

3788. And what is your answer to the objections raised, grounded upon the inefficiency of the present State control of industry, or the alleged ineffective workshops of the Govern-

Mr. *Courtney*—continued.

ment ?—I am not aware that they are ineffective. I believe it has been uniformly denied.

3789. You do not assert one thing or the other about them ?—I would rather the Commission sought for its evidence from some direct authority upon that point.

3790. We can hardly propose that in the midst of your examination. It is an argument alleged by many, and seriously, against the assumption of particular industries by the Government, or even by large municipalities, that the Government is an inefficient employer of labour in the dock yards, and that the labour done there is careless, dilatory, and expensive ?—I should reply to that, that the experience of the practical men of our great municipalities is apparently quite in the other direction, and that they seem, at any rate from their practice, to believe in the superior efficiency of public enterprise over private, seeing that in every direction we find them extending public enterprise in their own matters.

3791. But so far as they have gone, they believe their own work to be more efficient ?—I understand so.

3792. Otherwise it would not take the place of what it is displacing ?—I assume so.

3793. And would you extend that argument to Government employ ?—Yes. A great advantage of Government employ is that where there is a defect it can be drawn attention to and put right. For instance, if the Deptford Dockyard had been let out to contract as Mr. Cobden, and I apprehend the economists at that time, would have recommended, it would have been very difficult to urge the contractor to pay high wages. But it is very easy to urge the Government to pay proper wages.

3794. That is one side of the problem. But as to the other side, as to the efficiency of the work performed, what do you say ?—I have not provided myself with evidence of that efficiency. The onus is on other people to show it is inefficient.

3795. However, the line of argument in Mr. Cobden's writings was that Government work was less efficiently performed ?—I believe so. This is another illustration of the change in opinion. I believe it is a line which has been uniformly, or at least very largely, abandoned. I am not aware that motions are now made in the House of Commons year after year to limit the Government manufacturing establishments, even by economists.

3796. And you think that jealousy has disappeared ?—I can only judge from the practice.

3797. Has there been any extension of Government operations ?—I am not aware.

3798. Has there been an objection raised to the Government in undertaking certain works at Birmingham ?—I believe there has. But, I believe, that objection came largely from those employers who were going to be competed with.

3799. Not, you think, on the ground that it was an expensive and extravagant thing in itself ?—I believe various grounds were alleged, but I do not know them.

Mr. *Courtney*—continued.

3800. The works were not undertaken by the Government to any great extent ?—I am not aware.

3801. You rest your opinion on the efficiency of municipal organisations. As to State organisation you do not feel inclined to say one way or the other ?—I assert nothing, merely the fact that the Government, locally or nationally, is actually employing a very much larger number of people than it ever employed before, a number which is every year increasing.

3802. The national Government, do you say ?—The national or local Government. The division between local and national Government is a matter which is not relevant to this issue.

3803. Might it not be that there is a limit of efficiency according to the extension of the organising body ?—It may easily be so.

3804. Would it not become relevant then ?—No. It would merely become relevant in discussing whether any particular service should be undertaken by the national Government or the local Government, which is a very interesting and important question of the science of politics; but one upon which, as I understand, neither socialists nor individualists are in any general agreement; nor has there been much work done upon it.

3805. Have you something to say with reference to factory legislation in relation to the standard of life ?—I have, perhaps, prematurely dwelt upon that in my remarks upon sweating. The reason I am so anxious to secure legislation effectively to regulate home work is because of the injurious effect which, I believe, it is having upon the standard of life of the poorest classes of the community. I suppose it will be admitted that the Factory Acts have had an enormously beneficial effect upon the standard of life in Lancashire. I think that if we want to raise the East of London to the same high level as Lancashire, we had better follow the lessons of history which Lancashire gives us, and get a Factory Act as well adapted to the industries and circumstances of East London as were the Factory Acts of the first period to the industries and circumstances of Lancashire; and the most important thing in that way is, I think, to secure the legal responsibility of the owner of the tenement workshop, and the legal responsibility of the giver-out of work in order to put a check upon the evils of home work.

3806. Would you say the standard of life of the workmen of the kingdom has been relatively more advanced in factory life than outside it ?—Including under factory life the large industries as compared with the small industries, certainly.

3807. Large industries not directly under the factory law ?—I do not quite understand. There are few, if any, large industries which are not under the Factory Law. Any manufacturing establishment employing power is a factory.

3808. With respect to the objections to the limitation of hours, the objection as to the result of the production of commodities you would refer to the alarms raised about the factory hours and their proved futility ?—Yes.

Mr. *Courtney*—continued.

3809. And you ground on that an argument against any fear for the future?—Any acceptance of a theoretical objection on that ground. But on that point I have no doubt the Commission will have had ample direct evidence from the numerous employers who have actually adopted an eight hours' day. I apprehend they would not require any second-hand evidence from me.

3810. We have had a good deal of evidence from different classes, amongst others from coal miners, employers and employed, saying that the adoption of a rigid eight hours' day would be most perilous to their industry. What could you say in answer to that?—I say nothing. I must not be supposed to admit anything either.

3811. That would be a thing taken into account by the Home Secretary in any action he took?—Of course, the Home Secretary would take it into account.

3812. And the views expressed by employers and employed in any particular trade would be one of the circumstances he would take into account if he were vested with the powers you propose to give him?—Of course.

3813. And if he held the opinion of the employers, I suppose he would not prescribe the limited number of hours?—Until he was converted by the employed.

3814. My question was, if he held the opinion of the employer?—He would remain so until he was converted by the employed.

3815. What is your view as to the probable effect of a reduction of hours?—On that point I should be very sorry to offer an opinion. As I say, the Commission will have received evidence as to the actual effect of a reduction in the number of hours from those who have, I have no doubt, been called as having actually adopted the eight hours' day. There are numerous firms who have adopted the eight hours' day, and they will have been able to tell the Commission exactly what has happened.

3816. One is, as you are aware, able sometimes to state facts without being able to connect causes and effects in a way that is perfectly convincing?—If they have told the Commission that they have discovered any falling off of production, I should be very glad to consider that.

3817. We would rather have your views, which apparently you have given, as to the probable effect of the reduction of hours of labour on the total product?—I have collected a certain amount of evidence from firms who have adopted the eight hours' day, which probably the Commission would not wish me to read to them. I should be very glad to put them in, so that they might be printed in my evidence (*see Appendix* LXXIV.) I think the evidence of those firms who have actually tried an eight hours' day would be more valuable than any statement by me as to what I thought the effect would be. The Commission has power to call those firms, and if they are making any inquiry into what the probable effect of an eight hours' day upon industry would be, I presume they would not neglect so obvious a source of information.

Mr. *Courtney*—continued.

3818. You must have some theoretical estimate of the future effects of an alteration of an economic law?—I believe an alteration of the Factory Acts in the future would have very much the same kind of effects as the alteration of the Factory Acts had in the past. That is to say, they would differ from trade to trade, and even from firm to firm. I have attempted in my writings to make some kind of careful examination of what those effects would be; but they must necessarily vary according to the industry and according to the amount of the alteration. I need not observe that this has nothing whatever to do with the question of an Eight Hours Bill, and that those same effects would follow from the shortening of the working day, however that shortening were obtained. There would be no economic difference, as I understand it, between the shortening of the working day obtained by the coercion of the members of a trade union, which I believe some people would call a natural shortening, and that working day obtained by the coercion of those same individuals united as citizens.

3819. There is this difference. You have not perhaps touched it in connexion with your particular proposal, but there have been proposals for a universal eight hours' day?—I think the economic consequence of a universal eight hours' day would be precisely the same whether that universal eight hours' day were secured by law or by some other means.

3820. Yes. But you yourself estimate that the effects of an eight hours' day would be different in different industries and in different places?—Certainly.

3821. Therefore an argument might be admitted good in favour of some machinery imposing an eight hours' day on certain industries, and not be admitted to be good in favour of a universal eight hours' day?—That is obvious.

3822. We have had witnesses before us who have told us that the eight hours' day must be universal or not adopted at all. We would like to have your views upon the issue so raised?—That is not my view. I am contented to have any amendment of the Factory Acts which I can get. I shall attempt to get as much as I can.

3823. But you admit the eight hours' day would affect the different trades in different ways?—Yes.

3824. Would it affect some of them prejudicially to the carrying on of the trade?—I am not prepared to say. It depends on what it meant by a universal eight hours' day. It is rather a question of definition.

3825. We are not now considering a universal eight hours' day. I ask you, would an eight hours' day, if adopted, in some trades prejudicially affect the carrying out of that trade?—I do not know. That is a point upon which the Commission would no doubt have obtained

Mr. *Courtney*—continued.

excellent evidence from the particular trades. I could only repeat the statements which have been made by these witnesses.

3826. But you, surveying the trade of the kingdom, have come to the conclusion that an eight hours' day would affect different trades in different ways?—Yes.

3827. Now I ask you whether in your survey you have lighted upon any trades where the effect would be prejudicial to the carrying on of the trade?—No one occurs to me at this moment, but I believe there might be such.

3828. You think there are at all events?—I think there might be.

3829. You think there are trades where the adoption of the eight hours' day would be prejudicial to the carrying on of that trade?—I think there have been. The classic instance is pyramid making. It died out as soon as the workers had to be treated as decent human beings. The making of pyramids was an industry pursued in Egypt in olden times, which I believe died out as soon as the workers had to be treated as human beings; and it is possible that there are such trades now which only continue to exist, because the workers can be got on terms which are not compatible with civilised existence.

3830. Therefore, of course, the extinction of a trade of that kind would be a thing to be rejoiced at?—I think so.

3831. There may be some industries in the kingdom where the adoption of the eight hours' day would be prejudicial to the carrying on of the trade, and in which it might be said that that was all the better?—Yes.

3832. And there are trades which would be prejudicially affected, even although with a nine hours' day the trade could be carried on?—But by the hypothesis the carrying on of the trade is injurious to the community.

3833. No. I did not introduce any such hypothesis as that in my last question?—I beg your pardon. I assumed you meant if any classes were living under conditions which were not worthy of a human being the continuance of that class was an injury to the community. If I have incorrectly assumed that I am sorry.

3834. That was an extreme case which you suggested. You suggested that the adoption of an eight hours' day producing different effects in different trades might prejudicially affect the carrying on of some trades?—It might. I do not assert that it would.

3835. It might; and you said, "I think it will be all the better in some cases"?—That is possible. I do not know.

3836. Then I suggested to you the possibility of a trade where its continued existence would all turn upon the question of a reduction from nine to eight?—It is possible.

3837. Would that be a fact which you would regard with equanimity?—I should regard that fact, and give it all its due weight. I am afraid I cannot be more particular until the fact occurs, or at any rate is more precisely put.

Mr. *Courtney*—continued.

3838. If a trade were brought before you in which you were convinced that the carrying of it on would be very prejudicially affected by reducing the hours from nine to eight, what would be your conclusion?—I should examine into all the circumstances of the case, and among these would be the wishes of the people engaged in that trade.

3839. And if they were adverse, you would not reduce the hours?—I did not say that. I only said I would examine all the circumstances of the case.

3840. I see in your supplementary paper you wish to say something about the New Zealand bureau?—I daresay the Commission will know all about it, but I thought it might be worth while to draw the attention of the Commission to the newly started bureau of industries in New Zealand. It is interesting as a precedent, because it is a Labour Department started without an Act of Parliament, but merely upon the authority of a vote in the Estimates. It has been founded for the purpose of controlling the movements of labour by ascertaining the localities in which workmen were too numerous, and forwarding them to places where their presence was required. I am not able to check or estimate what work has been done.

3841. When was this started?—It was started in June 1891. Apparently 2,400 persons in nine months have been found work in so small a colony as New Zealand. It is also interesting that the New Zealand Government at the same time, in adopting an extension of its Factory Acts, appointed for the population of New Zealand four paid inspectors of factories to give their whole time, and about 60 other officers of the Government who were to act as inspectors of factories in addition to their other duties. I wish to point out that that proportion, for this country, would amount to 300 inspectors of factories in place of about 70 at the present time, in addition to several thousand Government officers who, in New Zealand, would be partly employed upon the same duties. So that the colony of New Zealand has three or four times as many factory inspectors giving their whole time to the service as this country has.

3842. You mean in proportion to the population?—In proportion to the population.

Mr. *Livesey.*

3843. And in proportion to factories?—I think probably it would be found it is an even larger proportion of factory inspectors to factories than in this country, because in New Zealand the number of factories is extremely small in proportion to the population.

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3844. You have told us that the London County Council employ now double the number of men which the Metropolitan Board of Works employed four years ago?—Yes.

Sir *Michael Hicks-Beach*—continued.

3845. Is that on account of the additional duties thrown on the London County Council by Parliament?—To a very small extent. The increase has mainly been by the County Council itself undertaking the public services by the direct employment of labour instead of giving them to contractors.

3846. And did I understand you to say that in every case 24*s*. is the minimum wage?—Yes. That is the rule. I should not like to answer for all the innumerable details, but I believe it is true of every case now.

3847. Because you consider that to be the lowest sum on which a man can keep his family decently?—In London.

3848. I suppose you employ single as well as married men?—Yes.

3849. The single men are better off a good deal, are they not?—I should be sorry to state that.

3850. Why not?—Because I have just got married.

3851. If a man has to keep himself alone he is likely to be better off with 24*s*. a week than a man who has to keep a wife and six children?—Even that is a point upon which authorities differ.

3852. When you spoke of the increase that you contemplated as possible in the amount and kind of work done by municipalities, where did you contemplate that they should obtain the funds for that work from?—In the way which municipalities have for the past 50 years obtained their funds.

3853. From rates on real property?—Yes. With such extension of the fiscal system of municipalities as Parliament in its wisdom might allow. I certainly should not be an advocate for obtaining it from any other source than from real property.

3854. You do not contemplate any tax upon the profits made by the shareholders of any industrial concern carried on within the municipality?—I should be perfectly willing on behalf of the London County Council to accept any power of taxing private enterprise which Parliament might bestow upon us; but I had not hitherto contemplated the possibility of Parliament giving us any such taxing power. I should have no objection, subject to a general consideration of the whole fiscal system, which would be out of place here.

3855. At present, your idea is that the municipality shall find the funds necessary for its purposes, whatever they may be, from rates?—Yes.

3856. Rates levied on owner or occupier?—That is a very intricate question. I think owners ought to pay directly much more than they do now. I do not say that I desire to exempt the occupier altogether. I think it is possible that some other expedient, such as a tax upon succession or a municipal death duty might also be introduced to alleviate the annual impost.

3857. You wish the burden to be shared between owner and occupier?—In some form, yes; but I do not mean what is ordinarily called the division of rates.

Mr. *Courtney.*

3858. Might not some of these enterprises be self-supporting?—Certainly. A great majority of them are.

3859. Money would be borrowed to start them?—Yes.

3860. And the private enterprises in such cases would pay the interest and save the rates?—Yes.

3861. That is conceivable?—That is the experience of the municipalities in the North—Manchester, for instance, with a wisdom which I do not want to question, obtains a subsidy of some 50,000*l*. a year from its gas undertaking in aid of rates, after paying all interest and sinking fund. Other towns with their gas enterprises choose rather to reduce the price of gas, so as just to pay their way.

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3862. Do you suggest that municipal enterprises should be carried on for the profit of the municipality as it would be for the profit of the shareholders if it were an industrial concern; or do you wish it to be carried on for public benefit without respect to profit, and for the advantage of *employés*?—I wish the enterprises to be carried on primarily for the public benefit. My principle is public organisation of public services wherever possible. But that does not exclude obtaining for the municipal purse anything which might be technically of the nature of economic rent. That is to say, I should wish not to raise an exorbitant profit, and yet not necessarily carry on the enterprises at barely cost price. It would differ with circumstances.

3863. Would you supply water free?—I should certainly supply water free. At the present time it is noticeable that we already have communism in regard to water, as with roads, bridges, and schools. Each man has as much water as he chooses to use, and each man pays for the water in proportion to his means. That is the assumption of our rating principle. When I say communism, I should explain that I mean in that technical sense; and that would apply to all those industries in which it was more desirable that the consumption should be unrestricted than not, and in which the trouble of preventing undue personal appropriation was more than the advantage to be secured thereby.

3864. Let me take a concrete instance. Would you supply gas free?—That is a question which I have not considered. I should certainly desire to supply gas free, not only to all streets, but also to all public stairs, for instance. But whether individuals could at present advantageously be allowed to have as much gas as they pleased, is a matter which I have not considered. The gain from the abolition of the present costly system of measuring would be great.

3865. Would you supply means of travelling—tramways, for instance—free?—I believe taxes

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on locomotion are universally condemned by economists nowadays, and I have never been able myself to discriminate between the two-penny fare, and the one-tenth of a penny tax, which may be levied on that fare. It is of course a question of administration. I am strongly inclined to believe that we shall never solve the problem of housing the poor of our big cities decently, without a very liberal service of public free tramways from the centre to the suburbs; in order, of course, to develop the municipal estate, not the estate of the private landlords round about.

3866. You would obtain in some way or another land in the suburbs for the municipality, and you would build, at the cost of the municipality, houses on that land?—I have not said so; but I do propose that.

3867. Houses for all classes?—Yes.

3868. To be let, I suppose, at cheaper rents than they are letting now?—No. I am not anxious to let houses, especially for the poor, at low rents. I do not so much want to lower the rent to the poor as to give them, like Aladdin's uncle, new lamps for old ones. I would give them extremely sanitary houses at something like the rent they are now paying for their vile tenements, but I do not want particularly to reduce the amount they are now paying, because there would be grave danger of the employer getting the benefit of that in lower wages.

3869. In all these enterprises, both in the matter of hours, and in other conditions of their employment, including wages, you would probably make the lot of the *employés* better than it is at present?—I cannot answer that generally, because I think the lot of a great many employés of public authorities is very good. I think the public, as it must set an example as an employer of labour, should set rather a good example than a bad one; that is to say, that the wages should be quite up to the level of the best private employer in the line of business at the time.

3870. And a little above it?—Slightly, perhaps, in order to raise the tone of the whole.

3871. Would not the tendency of the whole of this be to deprive the corporation of those profits from those undertakings which shareholders now derive from them carried on as industrial concerns?—I think it would have a tendency to reduce those profits. For instance, I apprehend the London County Council would certainly not make so much profit out of its water supply as the present companies do, but it would give a better supply.

3872 We have had a good deal of evidence here about the advisability of uniting the docks of London into one great dock trust. Do you contemplate that as a proper function for a municipality?—I have never been able to see any reason why London should be almost the only great port in the world which abandons its docks to private enterprise and individual competition. I strongly feel that the docks of London ought to be under, and controlled by, the public in some form or another (the details of the body do not for the moment concern us), in order that they may be carried on with primary reference to the benefit of the people of London, instead of being carried on with primary reference to the benefit of the shareholders.

3873. Possibly you would say that the hospitals of London should also be carried on by some public body in the same way?—The hospitals are already carried on in nine cases out of ten not for private profit, and as a matter of fact, two thirds of the occupied hospital beds of London are actually provided and maintained out of the rates by the public at the present time.

3874. Would you contemplate that such undertakings, if they may be so called, as the docks and the hospitals should be managed by the municipality or by a committee of the municipality?—Speaking broadly, yes. But I do not, of course, mean that the London County Council committees should necessarily be charged with that function. For instance, in all probability, the docks would be managed by a special dock trust, a public board formed in one way or another, whose special business it should be to deal with the docks of London.

3875. Formed, then, of elected representatives of the ratepayers of London?—That is a detail. So long as it does not make profit for anyone, that is the important point.

3876. Is it not rather an important detail?—Certainly, of constitutional law, one may say, but not of economics.

3877. Is not your assumption, in proposing this municipalisation of industrial work, that the municipality, being the body elected by the ratepayers, is capable of managing all these concerns properly?—Not because it is a body elected by the ratepayers, but because it is a body having no private interest to serve, concerned only for the public good, and I should say, which usually, in the case of an elected body, has the advantage of democratic election. But I am not so wedded to democratic election that I want every body entirely elective. That appears to me another question, which does not refer to the particular issue which I raise. I wish the services carried on for the public advantage rather than for individual private profit.

3878. Perhaps you would think that representatives of shipowners or of merchants not selected by popular election might be useful members of a dock trust?—Certainly, and also representatives of the Dockers' Union.

3879. To put it plainly, would not you sooner have the docks of London managed by a body like the Mersey Dock Trust, which is not subject to popular election?—Excuse me, it is. The Mersey Docks and Harbour Trust, I believe, is elected by the payers of the dock dues, who are the shipping community of Liverpool.

3880. But not by the municipal electors of Liverpool?—Yes, by such municipal electors as pay 10*l.* a year in dock dues. It is elected

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by the public, although it happens to be a specially selected franchise.

3881. My point is this: would you consider that such a body would be a better managing body for London Docks than a committee of the County Council of London?—I think there would be a good many arguments to be urged in support of that view, especially as the docks of London concern something more than the administrative county of London. We should have to take into account the municipality of West Ham, and possibly other local authorities.

3882. With regard to hospitals, they are largely supported, are they not, by subscriptions?—No. Two thirds of the occupied hospital beds of London, as I said before, are maintained out of the rates.

3883. And as to the other third?—The other third by subscriptions, fêtes, bazaars, and one hundred and one ways, including endowments.

3884. Do you think these subscriptions would continue if the hospitals were placed under the control of a committee of the County Council of London?—I daresay they would not, but I consider private subscriptions a very objectionable form of maintaining public services.

3885. Is it part of your scheme that the hospitals should be maintained out of the rates?—No. It is part of my scheme that such of the other third of the occupied beds as are not yet maintained out of public funds should be maintained out of public funds in one form or another. A large proportion of that third is already maintained out of public funds in the shape of endowments.

3886. May I ask you to contemplate the possibility of all these numerous works which in your view the municipalities should undertake, involving a very large addition to the existing rate. What would happen then?—I think in all probability the amount received by the owners of London rent would be diminished.

3887. Supposing it had to go so far as to amount to 20*s.* in the pound, what then?—That is a consummation I should view without any alarm whatsoever.

3888. The municipality then would have rated the owners out of existence, would it not?—That is so.

3889. And would assume the property that is liable to those rates?—That might follow, not necessarily.

3890. Did it not occur, before the Poor Law came into force, that property was actually given up in some parts of the country to the local authorities when the rates had arrived at 20*s.* in the pound?—I am not aware that in any case the owner gave up his property. I am aware that in one or two cases the farmer said he would not "play" any more if he had to pay the rates. I am not aware of any case in which the owner of the land gave it up. It might happen. I should have no objection on the part of the County Council to take over the reversion of the estate of London on those terms.

3891. How would you obtain funds for further enterprise then?—I confess that, being a moderate man myself, I have not got so far as to contemplate the absorption of the 40,000,000*l.* a year now paid to the owners of London. I think I may say that would probably content the London County Council for a few years to come. I have not considered what we shall do for money when we have used that up.

3892. Take, for instance, parts of the country not at all in the same position as London, where property is decreasing instead of increasing in value?—Those are parts which I believe have not the need of such public services as a crowded city of five millions has.

3893. But in comparison to the rateable value it would be possible for a municipality to engage in equally costly works, might it not?—I daresay it might. I am not aware of any case in which there has been any disposition on the part of any local rural authority to execute works which showed any inclination to eat up the landowner.

3894. Do you attribute no share of that reluctance to the fact that the rates are now paid by the occupier instead of by the owner?—I attribute a good deal of the reluctance to the fact that the occupier thinks he bears the whole of the rate, whereas the owner thinks he bears the whole of the rate, and whereas I think they each bear part of it. You get a double reluctance to one and the same tax.

3895. Does your idea of carrying out these municipal works by what I think you have described as the municipalisation of rent through the rating system extend to cases where an owner occupies his own house, or his own land?—Certainly.

3896. So that you contemplate the possibility of a man being a small freeholder or a large freeholder, as the case may be, having his own house or cottage gradually taken from him by an increase of rates, and transferred to the municipal authorities?—I should contemplate that the amount which that occupying owner would have to pay in rates would become very considerable, might even amount to what one would call the economic rent of that property. If the community wanted those services, and if the community was not acting arbitrarily, if the taxation was equal all round, and if it was arrived at gradually, I confess I should view with equanimity the result that the man might have to work for his living.

3897. As a servant of the corporation who had taken his property?—Possibly. That would be an honourable employment—much more honourable than living on his rent before, if he did not work.

3898. I can quite understand that any person who lives on rent is a very objectionable person?—Excuse me. I wish to put it in this way. A person who lives on rent without rendering a service in return, I mean. Of course, one knows that much service is often rendered in return. I do not wish to particularise, but it does appear to me that if he is living on the community without rendering any service in return for that

Sir *Michael Hicks-Beach*—continued.

maintenance, he is not playing an honourable part.

3899. I am speaking of a man who is not in the position of a person living on rent, but who is simply occupying his own property?—I daresay he might have to pay in rates for that as much as other people have to pay in rent. I have been following your line of argument, of course. But I must not be taken to admit that the taking over of these industrial undertakings is likely to increase the rates. On the contrary, the experience of the municipality which has taken over industrial undertakings has been, I think, almost uniformly that they have decreased the rates.

3900. Can you give us an instance of that?—Yes, Manchester. I have already stated that Manchester, after paying interest, and all the sinking fund (which is unnecessary from this point of view) on the cost of the undertaking, obtains an additional net profit of some 50,000*l.* a year, which goes in relief of rates.

3901. True. But that is carried on as an industrial undertaking would be, for the profit of the shareholders?—No. I think not. It is carried on for the public interest; and the people of Manchester think that it is wise to put the price of gas at that amount, which makes it pay; but it is carried on for the public interest, and is made to yield revenue to the community by charging an unnecessary high price. It is a matter of policy.

3902. Are you acquainted with the case of the Huddersfield tramways?—Not much, but a little.

3903. We had evidence, which is not quite in accordance with your view, that these undertakings are carried on at a profit. Are you acquainted with the details of that case?—I have obtained some recent particulars of the statistics, but I would venture to suggest that in these matters the Commission would surely find it better to go to the direct source, and to ask for the chairman of the finance committee of the Huddersfield Corporation.

3904. We had before us Mr. Joseph Pogson, who is manager and engineer of the Huddersfield Corporation Tramways?—Did he say that he had anything to do with the finances?

3905. No; but the accounts of the tramways were placed in his hands, and he was asked questions upon them?—Did he deny, may I ask, that they were accurate accounts?

3906. He did not deny that they were accurate accounts, but he referred to a period subsequent to one of the statements which appears in a work of yours, I think, with regard to that, and stated that at the particular time to which you refer the undertaking showed the profit mentioned; that was for the six months ending September 30th, 1890; but that before the expiry of the year, increased expenditure was incurred under the head of maintenance of way, and the amount set aside for depreciation was increased, which caused a loss on the working for the year of 1,608*l.*?—Did he explain what the increase arose from?

3907. That is what he said?—Was he asked what was the explanation of the change? I wish to ascertain whether the Commission got any explanation from him.

3908. I do not wish to question you upon this, if you would prefer that we should go to him or somebody else for evidence about it; but as the matter was referred to as an instance by you in one of your works of profitable municipal management, I merely ask you whether you have any statement to make to us upon the subject?—I believe I understand that this engineer ultimately confirmed the accuracy of the figures I gave.

3909. So far as they went?—They went up to the date when my book was published. They were the figures supplied to me by the Huddersfield Corporation at my request.

3910. I do not in the least question the accuracy of the figures you quoted. I only want to ask you whether your attention has been directed to the subsequent accounts of this undertaking, and whether you are still of opinion it is pecuniarily profitable to Huddersfield?—I hold in my hand the accounts of the Corporation of Huddersfield which are open to the Commission. Of course I have some repugnance to giving second-hand evidence upon these points. I should like to point out in the last published report of the Board of Trade on this subject, which will be familiar to you, the profit of the Huddersfield tramway is stated at 4,241*l.* for the year ending 30th June 1891. I have a later account of the Huddersfield Corporation itself for the year ending 31st March 1892; that is to say overlapping, and there has been a very large outlay on new works. The capital account has gone up, I am not able to say by what amount exactly, because the accounts are very involved, and they had the misfortune to have a boiler explosion, which I suppose is an accident which happens occasionally in the best regulated of families. But even with those allowances, there is a gross profit on the concern of 291*l.* for the year, and they have transferred from other funds as some contribution towards the new capital outlay, 4,613*l.*, which I understand does not profess to cover the new capital outlay, but is a contribution towards it. Consequently in their view, the gross profit for the year ending 31st March 1892, if I understand the account aright, is 4,904*l.*; that is, without deducting any depreciation. This gross amounts to about 4¼ per cent. of the enlarged capital account, which includes a portion of tramway line under construction, but not yet running. If the depreciation is deducted from that, it leaves a net profit of about 1,600*l.*, which, in this exceptionally bad year, and upon a large amount of capital as yet unproductive, is only about 1 per cent. net. But I should like to point out that in addition to deducting depreciation, the Corporation also deducts a sinking fund under which it is calculated that the whole of the cost of the

Sir *Michael Hicks-Beach*—continued.

tramway will be repaid in accordance with the Local Government Board requirements in a period which is, I suppose, 40 or 50 years. The consequence is, that if they deduct a sinking fund, and also depreciation, they are doing what no private company does, they are deducting depreciation twice over. I do not wish to be precise as to those accounts. As I say they are extremely involved, and it is open to the Commission to obtain direct evidence upon them, but apparently the concern is not so profitable as it was at the time when my book was published, but under circumstances which I think appear to be at any rate exceptional, and to have nothing to do with the hours of labour.

Mr. *Courtney.*

3911. Your own figures showed a decreasing profit?—They were only for two periods of six months, and were not adequate to base any kind of inference upon.

3912. Whatever they were worth, they showed a considerable decline?—It was a matter of a few pounds either way.

Mr. *Gerald Balfour.*

3913. I think you used this morning the phrase "logical individualists." On page 44 of the Fabian Essays I find the following sentence: "The English economists, stopping illogically "short of the complete freedom preached by "Rousseau"; what do you mean by "stopping "illogically short of complete freedom"?—I should rather give as an instance the position taken up, for instance, by the Liberty and Property Defence League, as compared with the position taken up by Mr. Auberon Herbert or Mr. Herbert Spencer.

3914. You mean that the English economists taught an individualism with socialistic limitations?—No. I have forgotten in what connexion I used the expression, but what I meant was that that kind of individualist taught the doctrine of freedom of capitalist industry, but was in favour of a very drastic criminal code. Adam Smith's theory of natural liberty, it will be remembered, was promulgated at the time when the criminal code was extremely drastic. That appeared to me to be illogical.

3915. Was it the criminal code which was illogical?—What was illogical was the suggestion that the organisation of society should be based upon the theory of natural liberty, accompanied by a drastic criminal code which interfered with a tacit approval of natural liberty.

3916. Does not that mean that they held an individualism with certain limitations?—I think that probably is so. That is what I endeavoured to express.

3917. In the same way as a socialism which left any part of the field open to private enterprise would be a socialism with individualistic limitations?—That is a matter of definition.

3918. Do you not think that it may be perfectly sound, both in logic and in practice, to regard neither socialism nor individualism as

Mr. *Gerald Balfour*—continued.

absolute principles?—I seldom, I think, use the word "absolute" myself. I never know what it means.

3919. You do not know what "absolute" means?—No.

3920. You do not attach any meaning to the question then?—I mean that there may be so many meanings attached to the question that I could not give an answer which would be at all adequate or fair without knowing in what sense the word "absolute" was used, with reference to what horizon.

3921. Let me put it in this way: Do you not think it might be perfectly sound in logic and in practice to regard both individualism and socialism as essential elements in any constitution of human society to which we need look forward?—I think that view will always commend itself to Englishmen.

3922. Does it commend itself to you?—No.

3923. Then your view is that complete socialism is both a true and a realisable ideal?—No, I have not said so.

3924. What is your notion, then, with regard to complete socialism?—I am afraid I cannot add to what I have said in my writings on that point. Socialism with me is a principle, and if I might venture to paraphrase your statement, perhaps I might explain it better. If I were told, for instance, that conservatism were both an absolute and a completely realisable principle, I should be rather in a difficulty to attach any meaning to the phrase. My view of socialism is that it is a principle.

3925. Is it a principle towards the complete realisation of which you think we are moving?—Towards it, yes; but it does not at all necessarily imply that we shall ever reach it.

3926. But we shall advance indefinitely towards it?—I think that is possible and probable.

3927. On pages 41 and 42 of the Fabian Essays, speaking of the individualism of the present century, you say, "This acute outbreak of indi-"vidualism was inevitable after the economic "blundering of governments in the 18th century." Do not you think a reaction towards socialism was equally inevitable after the acute outbreak of individualism?—I should be very sorry to say that anything that has happened was not inevitable. Of course I think it was inevitable, as it has happened.

3927*a*. What reason have you to think that this reaction will continue indefinitely?—I believe that it has commended itself, as far as it has gone, to the practical man.

3928. As far as it has gone?—Yes.

3929. But you anticipate that, even if it be not completely realised, yet at all events we shall be continually moving in that direction?—I do believe so, but of course I only extend my purview to such a period of time as a few hundreds of years. I do not want to predict by any means the future of humanity.

3930. Does not history rather present us with alternate tendencies towards opposed principles?—I do not take that view of history.

Mr. *Gerald Balfour*—continued.

3931. You think we have now reached a point, after this acute outbreak of individualism, from which we shall move steadily towards socialism?—I think that is a probable outlook at this moment, or may I say towards the completer acceptance of the socialistic principle. My view of socialism is not that it is a kind of heaven, a kind of stationary state, but a principle of action which more or less influences our practical action.

3932. Is it not possible that the present tendency of things, which you have described as an irresistible glide into collective socialism, may be really the upward swing of the pendulum, which will presently exhaust itself?—There is a good deal to be said for that view. I do not take it myself, because of the new factor of Democracy.

3933. Now, as I understand the position taken up in your essay, you base your view that we are steadily moving towards collective socialism, and that there is no reason to believe that that movement will stop, on the connexion between socialism and democracy?—That is my opinion.

3934. I think you call socialism the economic obverse of democracy?—That is a phrase I have used.

3935. What makes you think it is the economic obverse of democracy?—It appears to me that if you allow the tramway conductor a vote he will not for ever be satisfied with exercising that vote over such matters as the appointment of the Ambassador to Paris, or even the position of the franchise. He will realise that the forces which keep him at work for 16 hours a day for 3*s*. a day are not the forces of hostile kings, or nobles, or priests; but whatever forces they are he will, it seems to me, seek so far as possible to control them by his vote. That is to say, that he will more and more seek to convert his political democracy into what one may roughly term an industrial democracy, so that he may obtain some kind of control as a voter over the conditions under which he lives.

3936. Now, supposing that collectivism were to disappoint your expectations?—One moment, you mean some particular application of the principle of collectivism.

3937. No, I am speaking of collectivism in something like its complete form, the realisation of which you look forward to?—I am sorry to say I cannot visualise heaven at any time; it always seems to me to be a becoming.

3938. You do not think you may have been visualising heaven throughout?—No, very much the contrary, considering what has been the history of England during the last 50 years.

3939. Supposing socialism disappoints the expectations that have been formed of it, and proves economically disastrous, do you think that in that case the community, even though it be democratically organised, will necessarily continue to follow collectivist ideal?—That is a phrase which I think has very little meaning. If I may put it in my own words, as it is my opinion that you are trying to get at, I would say if the particular application of collectivism disappointed the people by whom it was made, they would, of course, amend it and possibly reverse it.

3940. You think they would reverse it?—I think so. I hope they would.

3941. You say you believe in collectivism as an ideal system?—Excuse me again. You again use the word "system." I think the "principle" of collectivism is a better guide for our action than any contrary or rival principle. I cannot talk about system.

3942. You treat it merely as a guiding principle to be followed in any legislation that we may think fit to adopt at the present time?—Certainly, or at any time.

3943. In dealing with the social and economic problems of the present day, would your action be determined by a consideration of the merits of each particular case, or would you be influenced by a desire to realise your ideal principle?—I would, of course, take into consideration all the circumstances of the case. Perhaps I might give an instance. A vicious principle, in my view, leads to an incorrect judgment of the facts of the case very often, as, for instance, when you get members of Parliament floundering about after such things as leasehold enfranchisement and other empirical proposals which appear to me to be contrary to the proper principle. I quote that merely as an instance, of course.

3944. Then apart from the success or failure of any particular experiment in collectivism, you would pursue that experiment, because the adoption of a socialistic policy in any given instance would lead you nearer to this ideal that you are following?—That is the distinction between a statesman of principle and a merely empirical politician, in my view.

3945. It is also a distinction, is it not, between a mere theorist and a practical man?—No, it is not.

3946. Are you not afraid your attitude may be a dangerous one when dealing with practical problems of statesmanship?—I think not. A too rigid adherence to any hypothesis is of course apt to bias one's opinions as to the facts; but, on the other hand, I can conceive nothing more dangerous than the absence of any principle or hypothesis whatever. A man who deals merely with facts without reference to principle appears to me much more likely to err than a man who illuminates the facts by some principle.

3947. That depends on how far off the possible realisation of the principle is, does it not?—"Heaven lies about us" always. It is possible to realise the principle; the principle is being daily realised in particular directions.

3948. How far off would you put in approximately complete realisation; can you form any estimate?—No, because the nature of man is constantly expanding. I hope we may never reach anything like a complete realisation. I hope new vistas may arise as fast as we realise the old ones.

3949. But I refer to this particular ideal which you have set forth in your writings, and which commonly goes by the name of col-

Mr. *Gerald Balfour*—continued.

lectivism?—I am sorry to say I must put it in my own way. Heaven, to me, is not a state, but a becoming, and collectivism is a principle which has been applied to some extent to-day, although, in my judgment, not to anything like the extent it will be applied in the future. It is a principle.

3950. Let me put this question to you. Have you not found a tendency among the less educated of those who share your views to accept that principle without the limitations with which you encompass it?—I think that is true of every principle.

3951. And is it not also true that this principle, which presents itself to you as having for its essence a superior organisation of industry, presents itself to the uneducated, or is apt to present itself to the uneducated, as a spoiling of the rich for the benefit of the poor?—I think that has been true in all ages of reformers from Jack Cade downward.

3952. Is it not further true that most of the less educated socialists do not consider it either necessary or desirable to defer the realisation of their principle until human nature is perfect in the days of their great-grandchildren?—Nor do I wish to defer the realisation until human nature is perfect. I wish to realise it to-day in my actions to-day, and to-morrow in my actions to-morrow.

3953. You use a phrase in this essay with regard to the attitude of the working classes at the present time. You say Samson is feeling for his grip on the pillar?—A rather unfortunate metaphor.

3954. I was going to say, is that not rather an unfortunate metaphor?—I think it is.

3955. If I remember right, Samson "pulled down the same destruction on himself"?—I believe he did. I abandon the metaphor. But I would turn it perhaps to account by suggesting that if the ordinary man is left merely to feel his grip on the pillar without being properly instructed, there is of course a possibility as in all democracies of his pulling down the house on the heads of himself as of others. I set about instructing him.

3956. You maintain that we have already moved a long distance in the direction of collectivism?—I venture to say that I do not know that that is any particular view of mine. I agree with the common view to that effect.

3957. I am not saying that you differ from others; but that is your view as expressed in your writings?—Yes.

3958. And this movement shows itself, you say, in three ways: by Government regulation of private enterprise; by the shifting of the burden of taxation more and more upon rent and interest; and by the absorption of industrial functions by the State or the municipality?—Yes. I would add a fourth. I do not know whether it is put there. That is what I call collective philanthropy; the deliberately doing something by the community for its less fortunate members.

Mr. *Gerald Balfour*—continued.

3959. That I think has never been excluded in any individualistic system which was ever imagined?—Excuse me, yes; or rather I will say, that many persons consider that any collective philanthropy is injurious and wrong. I think Mr. Herbert Spencer would go that length.

3960. Take first the shifting of the burden of taxation. Has any taxation been imposed within the period to which you refer in your writings which could properly be called socialistic taxation?—It is a matter of definition. I should say the income tax is a strikingly socialistic tax.

3961. Cannot the income tax be defended, and is it not every day defended on the principle of equality of sacrifice?—I believe it is by people who know very little about it.

3962. And do you not and must you not, in fact, take the whole system of taxation into view in judging of the distribution of the burden?—Yes, that is just what I have said; I have suggested that the fiscal changes of the last 50 years have been in the direction generally, and on the whole of exempting more and more the mere workers, whether by hand or by brain, and of levying a larger and larger proportion of the burden of the community from what we economically would call rent and interest.

3963. Have any of those taxes been imposed with a view to absorb rent and interest?—I have not said so. If that is part of the definition, I would agree there has been no such tax.

3964. Your own view is that taxes should in the future be imposed in order to absorb rent and interest?—That is not specially my view. I may remind you that Bentham put forward as a great maxim of taxation, that it should be used as a means of securing equality.

3965. I am asking you about your own views?—I am saying that I agree with Bentham's view on that point.

3966. That is to say, you consider that taxes should be imposed of a kind gradually to absorb rent and interest?—I think it would be desirable.

3967. But you admit that no such tax has been imposed as yet with that object?—I should not like to speak as to the object of every one who has ever suggested or worked for any tax. I would, of course, admit that any particular tax is always defended on other grounds; the retention of the income tax at this moment, at its present rate, is defended on quite other grounds, though it would be very doubtful whether it is really retained on those grounds.

Mr. *Courtney*.

3968. You do not think that the system of taxation has tended to produce a more equal sacrifice on the part of the rich?—I think there has been a tendency to greater equality of sacrifice, that is to say, I mean that I include the principle of graduated taxation as one towards greater equality. The rich are paying a larger proportion of the burden of the community, I think, than they were 50 years ago.

Mr. *Courtney*—continued.

3969. That may be, but are they paying a larger proportion than their poorer brethren?—You mean as compared with 50 years ago. I am really not able to state. My opinion, of course is that there is not at present anything like equality of sacrifice, and that the poor endure very much more sacrifice in their taxes, such as, they pay, than the rich suffer in the taxes which they pay.

Mr. *Gerald Balfour.*

3970. So that on the principles professed by all individualists, you might, if your opinion is correct, make further advances in that direction?—I should be very sorry to answer for the principles which are professed by all individualists.

3971. Equality of sacrifice in taxation is an almost universally admitted principle, is it not?—It is a principle admitted by economists, yes.

Mr. *Courtney.*

3972. It was Adam Smith's first principle of taxation?—Yes. I hope you are not assuming that the economists of to-day are all individualists.

Mr. *Gerald Balfour.*

3973. Some are and some are not?—I believe that is so, even on the Commission.

3974. When I am examining you, Mr. Webb, I am not likely to assume that they are all individualists. Then you speak of the regulation of industry as a step towards the absorption of industry by the State, but is not there an immense gap between the two?—I think there is.

3975. Yet, unless I am mistaken, you spoke of the absorption of industry as a mere addition to our Factory Acts?—Excuse me, I am not sure that I did. I was conscious of the gap.

3976. A most important gap?—A most important gap, yes.

3977. Is not the real magnitude of that gap somewhat disguised by such an expression as a mere addition to our Factory Acts?—I am not quite sure to what you are referring. I spoke of an Eight Hours Bill as an addition to the Factory Acts. I am not aware that I have spoken of the London County Council taking over the water works as an extension of the Factory Acts. It seems to me to fall under a different head altogether.

3978. I am sorry if I misunderstood you. Coming next to the supersession of private enterprise by the State or the municipality, you have given a list of cases in which this has taken place, have you not?—I believe I have somewhere.

3979. In that list I think the army and navy, and the carriage of letters, and coinage, and the provision of poor relief, all figure?—I believe so.

3980 Is it fair to count these as illustrations of the advances which have been made during the present century in the direction of socialism?—I should wish to leave that to anyone else's judgment. I believe it is not a hundred years ago since the regiments of the army were a

Mr. *Gerald Balfour*—continued.

source of profit to their owners, the colonels, at any rate in France, and I think in England.

3981. Was it so in England during the time that individualism was most dominant?—I really do not remember the date at which the colonels of regiments ceased to derive any private profit from the administration of them.

3982. But have you not as a matter of fact included in this list a great many Government undertakings which at a time when the individualistic movement was at its height nobody dreamed of withdrawing from State management?—I believe that is so. I do not know in what context that is stated, but I quite grant that it is so.

3983. I take it from this summary which Mr. Drage has prepared?—There is such a statement somewhere. I believe those were merely given as instances in which private enterprise had been superseded. I am not sure it was stated by me that it had been so superseded during the past 50 years.

3984. At all events those cases cannot be quoted as cases proving the tendency towards socialism during the present century?—I should be sorry to say that of all of them. I believe the army was in full force as a Government institution 50 years ago.

3985. Would it not be true to say that, however much the sphere of State or municipal enterprise may have been enlarged during the last 50 years, the sphere of private enterprise has been still more enlarged?—I am sorry to say, I have no adequate idea upon that at all. I do not know quite what sphere of private enterprise you mean.

3986. Have you got any figures showing the amount of capital embarked in State or municipal enterprise at different times during the last 50 years as compared with the capital invested in private enterprise during the same period?—I have not that at my fingers' ends. Probably Mr. Giffen could give you the figures.

3987. You could not even give approximate figures?—No, not comparative. I have no recollection of what the figures would have been for 1842.

3988. Do you consider State or municipal enterprise equally adapted to all branches of industry?—At any particular time, no.

3989. Ultimately?—I really do not know.

3990. To what branches is it specially adopted at the present time?—I should be sorry to suggest. The range of operations which is now carried on by Government in the British Empire somewhere or another is very enormous.

3991. You do not think that from an examination of the work carried on by Government at the present time, you could lay down any general rule as to what classes of enterprise can be with advantage undertaken by the State or municipalities?—Not any useful rule. I have in my memory that John Stuart Mill and others attempted to do that for joint stock enterprise 40 years ago, and arrived at the conclusion that banking and insurance were the two subjects which joint stock enterprise could best take up,

Mr. *Gerald Balfour*—continued.

and I think the course of events has rather falsified that with regard to joint stock enterprise.

3992. How far have either the State or the municipality taken to production?—I am sorry I am not able to give an answer as to how far. I really have not the figures at my fingers' ends. The State is the producer in its local or national form of a great many goods at this moment.

3993. Will you mention some of them?—In the economic sense of production it is the producer of gas and water and the producer of clothing and biscuits, it is the producer of guns, it is the producer of music, economic treatises, works on science.

3994. And to that list of productions you have nothing else to add?—Oh, innumerable things. Those are only a few selections, the list runs over pages and pages.

3995. Of productive enterprise?—Yes, throughout the empire somewhere or another by the Government.

3996. I am speaking of Great Britain?—There are comparatively few things to be added for other parts of the empire than Great Britain. As you will know, if you have read the book, the list which I have given in the book extends over pages.

3997. The list of undertakings?—Yes.

3998. But not the list of productive enterprises?—I beg your pardon, I thought you were speaking as an economist in using the term "productive enterprises" as meaning enterprises productive of utilities.

3999. No, I am speaking of production of commodities as opposed to distribution, transport, &c.?—Really, I never have considered it from that point of view.

4000. You do not think that upon consideration you would be prepared to admit that both municipalities and Governments have been singularly slow to embark in productive enterprises?—I think the contrary would be found to be the case. I think that probably out of the municipal enterprises you would find a large proportion was the actual production of commodities, and a very small proportion their distribution.

4001. These instances of productive industries carried on by Government or municipalities which you have mentioned are, I think, in almost every case either monopolies or else they have to do with the manufacture of an article required by the State itself, for instance, big guns or ships?—That is only partly true. When the London County Council provides music in the parks, it can hardly be said to be dealing in a monopoly or with anything that is required for the Government itself.

4002. Now, turning to your proposals of municipal reforms for London, time will not allow me to go over all these, but there are two on which I should like to ask you a few questions. You propose the formation of a special dock board for London. This board, I understand, is not to be constituted by popular election?—I do not say, not. It is a point to which I attach comparatively little importance.

Mr. *Gerald Balfour*—continued.

4003. You have given, I think, some description of the constitution of the board you would propose?—No, I have not. I have instanced the constitution of the Mersey Docks and Harbour Board, but I am not at all satisfied with that constitution. There are innumerable other dock and harbour trusts, each with its special constitution, in England.

4004. Is the Mersey Docks and Harbour Board a popularly elected board?—It is elected by the payers of dock dues.

4005. Do you call that a popularly elected board?—I should say, yes — not sufficiently popular—much more popularly elected than municipalities were a little while ago.

4006. Turning to your "London Programme," I see you say this: "The Mersey Docks and "Harbour Board is indeed administered by a "ring of capitalists mainly in the capitalist "interest"?—That is so; I mean I believe it is so.

4007. So that this board, to the success of which you point, is not in the proper sense of the term a popularly elected board. At all events, it is a board which acts in the interests of capitalists?—That is so.

4008. And it is to the success of that board that you point as recommending that some similar arrangement should be adopted for London?—Not at all. I have no doubt it will be within your knowledge that nearly every port of England—all but about three or four of the big ports—have public dock boards, and that London is one of the three or four exceptions to that rule. I know of no special reason why London docks should not be placed under a public board, or why they should not pass under the ordinary rule.

Mr. *Ismay.*

4009. As a trust?—The phrase is nothing.

Mr. *Gerald Balfour.*

4010. Would it be an unfair account of what you have written in this book, "The London Programme," to say that you point specially to the success of this board as an example of what should be done in London?—I must discriminate. I believe that the docks of Liverpool are far better adapted to the well-being of the people of Liverpool than are the docks of London. I believe that difference in advantage has largely been due to the fact that the only interest which the Mersey Docks and Harbour Board have to think about is the interest of the trade of Liverpool, and not the interests of any shareholders whatever. No one gets any profit at all out of the Docks and Harbour Board. The interest on capital is fixed. Consequently it does become in my sense collectivist in character, inasmuch as it is an industry which is carried on by a public authority for the public benefit, as distinguished from the docks of London, where the industry is carried on by private enterprise for the benefit of individual shareholders. The method of the constitution of the Mersey Docks and Harbour Boards

Mr. *Gerald Balfour*—continued.

might or might not have been adapted to the condition of Liverpool at the time it was formed. I think it would not be adapted to the condition of London at the present time.

4011. It would not correspond, at all events, to the definition of socialism which is given on the first page of this *précis* (*see Appendix* LXXIII.), namely, that socialism is "the control by the people "themselves, through their own political organi-"sation, of the main instruments of wealth production"?—I am sorry to differ from you as to my meaning. I consider this Mersey Docks and Harbour Board is in the scientific sense a political organisation. Of course, I am not talking of party politics; it is an organ of the community formed in a special way for special purposes as distinguished from an enterprise carried on by capitalists for their private profit. We may differ as to the proper level of the franchise, the proper qualifications for election, or the proper methods of election; but those are details. The main point is that it is a public authority carrying on business for the benefit of the public, instead of for any private individual.

Mr. *Courtney.*

4012. Are you aware whether at one time that board was nominated exclusively by the Liverpool Corporation?—I believe it was so, and knowing what we do about the Liverpool Corporation, no one would be surprised to learn that it is more successful in its more popular form as it now is than it was then.

4013. Why do you say "its more popular form"?—Because I consider a system of indirect election less amenable to public control than any system of election, however restricted the franchise. That is, the administrators of the dock trust are now directly answerable to their electors. It so happens that their electors are only a few thousands in the city of Liverpool, but it would be better that they should be directly answerable to some electors at any rate, and to the public opinion of those electors, than to filter through any machinery of indirect election.

4014. I think some of the members of the board now are elected by the Corporation?—No, I think that is a mistake. I think the only nominated members are four members nominated by the Chancellor of the Duchy of Lancaster, or the Government in some shape.

Sir *Michael Hicks-Beach.*

4015. The Board of Trade?—At any rate they represent the public at large.

Mr. *Gerald Balfour.*

4016. Do you know anything about the management of the Bristol docks?—Not much. I believe it has been an extremely profitable thing for the city of Bristol.

4017. You believe it has been extremely profitable for the city of Bristol?—Yes. I am quite aware that there has been a deficit on the actual dock accounts; but I think if you will inquire among the people of Bristol, they will

Mr. *Gerald Balfour*—continued.

tell you that it was necessary for them to undertake this enterprise at a pecuniary loss in order to prevent Bristol from coming into the condition of Bruges. That is the whole point. A community may sometimes undertake a large enterprise at a pecuniary loss for the benefit of the community in other respects. Of course I would not wish to offer an opinion as to the wisdom of their action, but that is how the Bristol people justify it.

4018. You do not think, as a matter of fact, that an enormous sum of money has been squandered on the Bristol Docks, without any corresponding result?—I do believe that an enormous sum of money has been squandered, as it has been in London squandered, by private enterprise—rash competition one against the other. The city of Bristol had to step in to save, as the Bristol people thought, the city from ruin, just as the city of London will probably have to step in to obviate the inconveniences and mistakes of private enterprise in the London docks.

4019. The second proposal I should like to ask you a question about is that which deals with the municipalisation of urban land. I think you suggest that a valuation should be made now and power given to the County Council at any future time to take over land at its value of to-day, with compensation for any improvements made by the owner?—That is in essence the proposal of Mr. Haldane, Q.C., who I believe is rather a good authority on real property law.

4020. And is one which, if I am not wrong, has received your sanction?—I agree with it as far as it goes.

4021. Do you consider there is equity in a system by which a public authority would be enabled to reap whatever gain there might be, while leaving any loss to remain as a burden upon private shoulders?—I do. I think that the unearned increment which is added to land is public property, even if there be an unearned decrement to other land.

4022. Would it not be more just that the municipality should purchase the whole of the land and stand whatever loss or gain might ensue?—No, I do not think so.

4023. Why not; will you explain further?—Because I consider that the unearned increment in the past, which makes, for instance, the ground value of London something like 16 millions a year, ought to have been got hold of for the benefit of the people of London, and that now to give 25 years' purchase for every pound of that before we have begun to tax it even, would be a most unjust transaction to the public.

4024. Then it is on the ground of unearned increment which the State has not absorbed in the past that you would justify such a proposal as this?—No, not at all. I would justify it in the future on the ground of the unearned increment which comes in the future, that the community should have a right to intercept any future benefit which the community is actually causing.

4025. It should have the right to intercept any future benefit while leaving any future loss

Mr. *Gerald Balfour*—continued.

to be borne by the owner?—Of course the owner may, if he prefers, give up his land rather than stand the chance of a future decrement.

4026. Sell it to the community, do you mean?—No, I mean give it up rather than hold such a dangerous inheritance.

4027. Do you think it would pay as a mere commercial speculation for the municipality to buy up the whole of the land of London?—That is really a question that must so largely depend upon the price. I do not think it would at all pay us, in a broad sense, to stereotype the present condition under which the ground-landlord escapes so lightly. I would prefer to tax him first if we are going to buy him out.

4028. As a matter of fact, do you anticipate a large unearned increment in the future on London property?—I do not know that my opinion is of any value. I personally have a belief in London, and I believe it is going to grow.

4029. And if it grows, would it pay the municipality to purchase the land at present prices?—I think it would. But I have no intention that the municipality should do it.

4030. You have not attempted, I think, to draw any picture in detail of what the constitution of society would be under a more or less complete collectivist system?—No.

4031. You probably think it would be premature to attempt to do anything of the kind?—Utterly premature.

4032. And would perhaps expose your ideal to some damaging criticism?—No, I think that any picture which has been drawn is better, more attractive to the great mass of the people than the existing state of society, though I quite admit that some classes would not find it attractive. I think the 300,000 people in London who are living in chronic want could hardly be worse off under any system.

4033. There are two characteristics, however, which I gather your system would have?—May I for one moment protest against the word "system"; you mean a further application of the collectivist principle?

4034. I mean a more or less complete application of the collectivist principle?—I am not able to admit the word "complete"; in my view we are always completing the collectivist principle, and shall always be completing it.

4035. You will not dispute that the principle may be realised more or less completely?—Yes.

4036. Then I say a more complete realisation?—A more complete application of the collectivist principle.

4037. There are two characteristics, I understand, by which such a Society would be marked—first, that in it the greater part, if not the whole of industry, would be managed by the State?—By the community in some form or another.

4038. And therefore in some form or another every position of authority in the industrial world would be a political position?—In the scientific sense of the word "political," yes.

4039. Would appointments depend, or ought they to depend, in your view, upon popular election?—Certainly not, not more than the great mass of the Civil Servants at the present time, or the officials of that already existing Civil Service of industry, the great Co-operative Movement, depend on popular election.

4040. Have you formed any idea of how such appointments would be made?—It would be an extension of the organisation of the Civil Service.

4041. It is not merely the organisation of the Civil Service that would be in question, but that of the entire system of industry placed under State or municipal management?—Or of an enlarged Civil Service. I will put it in that way, because that gives my answer. I would deal with the enlarged Civil Service in much the same way that we deal now with our existing Civil Service, subject, of course, to all sorts of amendments in detail as occasions might arise.

4042. Have you ever come across any practical politician who did not think it would be a serious political danger to have the sphere of State patronage enormously enlarged?—I do not quite know what we are talking about. I believe that the management of the English Civil Service involves the very minimum of patronage.

4043. You mean the posts are determined by competitive examination?—Just so. I am only anxious to guard against the notion that we should in any larger sense increase the patronage than by an extension of the existing Civil Service.

4044. I am anxious to gather how these posts would be allotted in the collectivist State. Some, I presume, would be allotted by patronage?—Yes, that is inevitable. I presume that the appointments would be made in much the same way as appointments of officers of railways are now made, that is to say, that the railway board, which should replace railway directors, would act as nearly as possible under the same considerations that railway directors now act, except that where the interests of the shareholders and the interests of the public clash, the public interests would predominate.

4045. You are aware, I suppose, even under present circumstances, political pressure is constantly brought to bear upon the Government by Civil Servants with a view to improving their position?—Yes.

4046. Are you prepared for an indefinite extension of that?—Yes I should be very glad of it. In that case we should not any longer be paying starvation wages to our Dockyard labourers and ill-treating our Post Office servants. I think that the doctrine of the fullest possible right of combination to all public servants ought to be accepted as an essential principle, at any rate, of Liberalism.

4047. Do you know how municipal employment has worked in American cities?—I am afraid I do not. The difference is that America is not, in effect, a democratic country.

4048. Not a democratic country?—I should suggest, not.

4049. What do you mean?—I mean to say the power of the ordinary man over the administration of the United States is very much smaller than the power of the ordinary voter

Mr. *Gerald Balfour*—continued.

over the administration of this country. But I should not wish to debate the subject of America.

4050. Do I understand you to say that in your opinion the power of the ordinary voter over the municipality in an American city is less than it is here?—That is my opinion.

Mr. *Courtney.*

4051. Do you mean not merely the Federal Government, but with regard to the organisation of New York, for instance?—That is my opinion.

Mr. *Gerald Balfour.*

4052. Now I come to the other characteristic, which I presume would be found in your collectivist State, namely, that rent and interest would be abolished?—Excuse me, I must protest, rent and interest can never be abolished.

4053. Absorbed, may I say?—They may be paid to the community, instead of the private individual.

4054. Rent and interest, instead of going to individuals, as they do now, would then go to the State?—The community in one shape or another.

4055. Would not that take away largely from the stimulus that prompts to private enterprise?—I do not believe it.

4056. What are the motives which at present act upon those who engage in industrial enterprise?—Motives are very various I should be very sorry, for instance, to appraise motives which have actuated this Commission to undertake as much trouble as they have.

4057. Do not you think it would be correct to say that, on the whole, self-interest has been and is the most potent motive at work in inducing men to exert themselves?—I should be sorry to say that. At any rate, I should be very sorry to imply that the desire of getting hold of rent and interest was at all the opposite proposition to self-interest being the motive.

4058. No, I do not think I implied that in my question. What I suggested was, that if the reward of enterprise was taken away?—Excuse me, I did not say there should be no reward of enterprise. I am not aware that rent and interest are in any shape the reward of enterprise; they may or may not be, but they have not any necessary connexion with enterprise.

4059. Would successful enterprise continue to be as highly rewarded in the absence of interest?—A parliamentary barrister makes 15,000*l.* a year to-day without receiving one penny of interest. I am talking merely of interest, not of wages of work.

4060. But is it your view that in a collectivist State wages of management would be as large as they are now when capitalists invest their own money, or anything like as large?—No, I do not think they would be. But whether the wages would be as high as the wages of management now are is a point which would depend on other circumstances. It is not relative to my

Mr. *Gerald Balfour*—continued.

argument about rent and interest, which no economist would class under wages of management. These might or might not be higher in the public service than in joint stock enterprise.

4061. Do you think that the outlook for the workers of the community is hopelessly dark under an individualistic system?—I should be sorry to say that, especially as I cannot call the present system an entirely individualistic system.

4062. I will say, then, under such a system as that which obtains at the present time?—Certainly it is not hopelessly dark, because such a system appears to me to be becoming daily more collectivist. If it did not become daily more collectivist, which I assume is what you are suggesting as the hypothesis, I think the condition of a large portion of workers would be as dark as the condition of Lancashire before the Factory Acts, or as the condition of the sweating industries of to-day.

4063. Do you consider that the position of the workers in this country has materially improved during the last 50 years?—That is part of my argument—concomitantly with the growing increase of collectivism.

4064. Do you attribute the whole, or nearly the whole, of that improvement to changes in the collectivist direction?—I attribute a very large part. For instance, I attribute the marvellous rise of Lancashire primarily to the Factory Acts, and then to the action and re-action of other forms of collective action, to the municipal socialism of the Lancashire towns, to the trade unions which those conditions made possible, to co-operative enterprise which all preceding conditions made possible; to all these things, acting and reacting one on the other. As far as I can gauge the rise in Lancashire, it has been due in the main to those influences.

4065. Do you attribute the great increase in the efficiency of production to those influences?—That is, I believe, very largely the fact. The pressure brought to bear upon the managers of industries caused either by the Factory Acts or by municipal requirements, or by trade union action, by all these forms of collective control. I believe, as in the past so in the future, these things will have a very marked effect in stimulating improvements in the industries.

4066. I should be the last to depreciate the value of certain advances in the direction of State control that have taken place, but do you think that it is necessary to move further in the direction of collectivism if this improvement in the condition of the workers is to be carried on?—It depends upon what you want. If you want the condition of East London to be seriously different from what it is to-day; if you want the condition of the Black Country to be seriously different; if you want the state of things to be altered in Scotland, where 22 per cent. of the families are living in a single room each; if you want the state of things to be altered in Belfast, where thousands of adult women are only earning 7*s.* a week, then you must do something. But, of course,

Mr. *Gerald Balfour*—continued.

a great many people do not care very much about altering these things, and in that case I do not suggest that it is necessary to do anything.

4067. I did not suggest that we had reached the limit of useful State interference, but do you think that we must move further in the direction of collectivism in order to secure a continuance of the improvement that has taken place during the last 50 years?—I think the improvement will be concomitant with the movement in that direction; I will not say directly proportioned to it.

4068. I should like to have cross-examined you upon the rest of your proposals, but as you are anxious that your examination should end to-day, I must leave the eight hours' question to Professor Marshall?—I should be very glad to be of any assistance to the Commission in the scope of their reference, but I really am very busy, and I would prefer not to come to-morrow; but still I should be very willing to do so if you have not obtained a sufficient explanation of my views. I am perfectly willing to answer any questions which shall go to my giving information to the Commission, or to my explanation of my views upon the question; but I do venture to ask to be excused from debating, a thing which appears to me, with all due respect, not exactly the functions of a witness before this Commission.

Professor *Marshall.*

4069. You have proposed to leave to the Home Office a very complete authority over many aspects of industry, I think?—I have proposed to extend the authority which is given to the Home Secretary under the Factory Acts in any future amendment of the Factory Acts.

4070. You do that, because you think that the Home Office would be practically under the control of the people?—Yes, more than in any other way that I can at present think of.

4071. If you had lived 120 years ago, would you have had the same opinion?—No, my argument is based upon democracy.

4072. Do you not think that the history that you have given of the changes in economic opinion has been rather misleading, because the conditions are now so different?—I certainly do not think they are misleading, but I might refer to the much more complete statement of Professor Ingram in the latter part of his history.

4073. You are, I daresay, aware that the opinions of Professor Ingram on this particular point are not generally accepted?—I am not aware of that. I certainly do not admit that.

4074. You describe Adam Smith as having advocated a system of natural liberty?—Yes, in brief.

4075. That is what you may call the popular opinion of Adam Smith?—Yes, only giving it as a brief expression. Of course I am quite aware Adam Smith was not by any means so individualistic as many of those who came after him.

4076. You are aware, I suppose, that he made something like fifty first-class exceptions to the general principle of individual liberty?—I am

Professor *Marshall*—continued.

aware of that, and I am aware that those exceptions were slurred over—I mean quite honestly and unconsciously slurred over, by some of those who followed him.

4077. You are aware that most of the modern tendencies of economics were to a certain extent anticipated by Adam Smith?—I think that is so to some extent.

4078. I suppose it was the next generation of economists who in your opinion preached that a man's duty was to get rich. Those are your words, I think?—Yes, they are. Of course it is a very popular and rough exposition of a very common form of middle-class training in this country 50 years ago, which was, I think, derived from the economists of the time.

4079. That was a very common opinion amongst some of the middle class; it is a popular opinion that that had its origin in economic writings?—It is.

4080. Are you aware of any economist who holds that opinion?—Certainly none to-day.

4080*a*. But are you aware of any economist of that generation who said it was man's duty to get rich?—I am not aware I asserted that any economist said so; but I think—I do not know that my statement is of any authority on that point—that those who have examined the effect of economic teaching at the beginning of this century consider its effect was to intensify and strengthen that popular feeling.

4081. If then you said it was a teaching of the old school of economists that man's duty was to get rich (and I think I took down your words exactly), it was not an expression of your opinion?—That is of course a very rough statement of what was the effect of their doctrines.

4082. Do you believe the old school of economists did teach that man's duty was to get rich?—I really must ask you to break that question up. There were a great many old economists. I do not think it would be an unfair statement to make, for instance, of Nassau Senior and McCulloch.

4083. I will come to Nassau Senior presently as an individual. Your statement, I think, was that the old school of economists taught that it was man's duty to get rich. Do you adhere to that statement or not?—I say that certain of the economists who unfortunately came most prominently into public view did in effect teach that doctrine.

4084. What economists?—Of course I am not able without any books or anything to give any specific reference to any specific sentence; but I am giving the Commission for whatever it is worth, my own view of what was actually learned by the people from those economists.

4085. But as you speak as an economist, and as your opinion is therefore likely to have some authority, and as if true it would have a very important effect, I should like to know what economist you think did express this opinion?—I have already said that I think the general effect of the teaching of McCulloch and of Nassau Senior was to that effect.

Professor *Marshall*—continued.

4086. I did not ask you what the effect of their teaching on others was. I asked you whether they expressed that opinion?—I have already said that I cannot remember at this moment or cite any sentence which I could give you. I have not the books.

4087. I have read most of their writings, and I may say that I think I have not come across a single sentence that admits of that construction ——?—That is interesting rebutting evidence which the Commission will doubtless be glad to have from you. May I ask you—I do not want, of course, to prescribe the questions, but I should rather be glad to give an explanation of, or to explain my views rather than to discuss this matter.

4088. I was going on to ask you whether you would be surprised by a statement that a person who has read these books has not found any statement which in any way bears out your general impression?—I should be surprised.

4089. We now come to the Factory Acts. You said, I think, the economists opposed the Factory Act?—I was quoting, if I may say so, from Greville's description of the controversy which was caused by the Ten Hours Bill, and he said, "All the political economists are against it, of course." One would not wish to pin him down particularly to the "all," but I think that may be taken as the view of the House of Commons at that period.

4090. Do you know in what sense he was using the words "political economists" there?—I should be very sorry to interpret Mr. Greville.

4091. You are aware that when the Spaniards invaded Mexico, and wanted the Mexicans to give up their gold and silver, they burned them, because they would not say where their gold and silver were, and because they should be converted to the Christian religion?—I am not aware of that interesting fact.

4092. Do you think it would be fair to say that that action was the result of the teachings of Christianity?—I am not aware even of that.

4093. That would be a somewhat similar case, I believe, to the action of certain persons in this case under the alleged authority of political economists?—This would be interesting evidence, I admit. I have no view on the subject.

4094. I am asking your opinion as to whether you think that would be the case?—I did not know of the existence of the interesting instance which you gave.

4095. Are you acquainted with Mr. Nassau Senior's history?—Not well acquainted.

4096. Do you know what his chief occupation was?—No.

4097. Are you aware of a celebrated statement of his with regard to the accessibility of political economy to people at large?—I do not remember what statement you are now alluding to.

4098. I am alluding to the statement that while in all other sciences a man required to travel long before he reached a point at which he could express a confident opinion, in political economy he had only to walk as far as to the end of his garden, and then he found himself quite at liberty to express an opinion. Do you know that statement?—I have heard a statement to that effect, an opinion, which, I believe, is very largely held to this day.

4099. And are you aware that the opinions which he expressed about effects of the Factory Acts on profits have been regarded by economists as a proof that economic doctrine is not quite so easily to be mastered?—It has always been my impression from reading his writings that they were an instance of that.

4100. Ought you not therefore to regard Nassau Senior's declarations as to the Factory Acts as opinions of a man who was not a representative economist?—I should be very sorry to say that Mr. Nassau Senior was not an economist.

4101. Is there any other recognised economist who spoke against the Factory Acts?—I have in my possession an extremely virulent article from the writing of Harriet Martineau to the same effect.

4102. Would you regard Miss Harriet Martineau as a recognised authority?—Miss Harriet Martineau was the source from whom a large number of the people of England derived their economic teaching, and still derive it.

4103. Are you aware that Miss Harriet Martineau said that, when she wrote her tales, she would not read beyond the chapter which she was going to illustrate, for fear she should get her mind confused?—It is an incident in Miss Martineau's life which I should be glad to remember.

4104. Are you justified, therefore, when I ask you what economists of position condemned the Factory Acts, in quoting Miss Martineau as an instance?—I would rather leave that for you to decide.

4105. Putting aside Mr. Nassau Senior and Miss Harriet Martineau, can you mention any other economist who attacked the Factory Acts?—I am strongly under the impression that Mr. McCulloch opposed the Factory Acts. Had I known that the Commission were going to inquire into the state of economic feeling in the year 1840, I would have come down better prepared; but I in my ignorance rather thought that was outside the scope of this reference.

4106. I am referring to this point merely, because so much of the evidence you have given has been devoted to indicating that the economists have rather been behind the age?—Perhaps I may say that it seems to me that there has been a change of opinion among the economists, but if Professor Marshall wishes to suggest there has not been any change, I shall be glad to withdraw that statement.

4107. I am not suggesting that there has not been any change?—Then I do not understand you to contradict my statement.

4108. I think you said that Mill held that the only businesses in which joint stock companies could succeed were those of banking and

Professor *Marshall*—continued.

insurance?—No, excuse me. I said, or meant to say, that he indicated those as the chief probable instances in which joint stock enterprises could succeed, and I pointed out that joint stock enterprises had now flowed over successively into innumerable other instances Therefore I wished not to specify to what departments of industry other forms of collective action might be successively applied.

4109. Was it not pointed out long before Mill that banking and insurance were the two businesses in which publicity was of primary importance?—You are such an authority on economics that I should not wish to correct that.

4110. Is not that true?—I would accept it on your authority.

4111. Is it not true that banking and insurance are businesses in which publicity is of special importance?—I accept your authority.

4112. Is it not more possible for a banking or an insurance society to do a large business under joint stock management than under any other?—I am not well acquainted with banking, but I believe there are some private banks still surviving in the city of London who do a considerable amount of business.

4113. But their number is diminishing?—I believe their number has been diminishing.

4114. You are acquainted with Mr. Mill's writings?—Somewhat, yes.

4115. Have you read his chapter on joint stock companies?—I think I must have done.

4116. Are you aware that he advocated the extension of the principle of joint stock companies in every direction?—I have not that recollection, but all I say is that it is not any contradiction to my statement

4117-8. I understood it to be a contradiction of what you had said.

Mr. *Courtney.*

I think what you said was that Mill said that banking and insurance were best adapted to joint stock enterprise?—I used the instance merely as an instance of no importance, as a reason why one would be sorry to prophesy as to what industries other forms of collective control could or could not be applied.

Professor *Marshall.*

4119. With regard to the Factory Acts, I think I understood you to argue that economists had opposed the Factory Acts, and were proved to be wrong?—That was my impression.

4120. And that the opposition to an eight hours law was likely to prove wrong in the same way?—No. I said economists were singularly shy of committing themselves to an opposition to an Eight Hours Bill.

4121. But did you not also say that the principle of the Factory Acts were similar to those of an Eight Hours Bill?—Really it depends upon what Eight Hours Bill. I suggested that the regulation and the shortening of the hours of labour was an extension of the existing principle already applied in the Factory Acts.

Professor *Marshall*—continued.

4122. Is there not a fundamental difference in principle between the Factory Acts and the reduction of the work to eight hours?—It is not my opinion.

4123. Take Mill's statement, for instance, with regard to the Factory Acts, "Freedom of con-" tract in the case of children is but another " word for freedom of coercion?—May I ask whether you are under the impression that the existing Factory Acts apply to children only; does your question rest on that assumption?

4124. No, my question does not rest on that assumption. Do you not think that it is important to observe that freedom of contract in the case of children is but another word for freedom of coercion?—I do very strongly.

4125. And does not the Act apply directly only to women and children?—No.

4126. Does not the Act, in so far as it limits the hours of labour, apply directly only to women and children?—That is so, but it applies to adult men in all sorts of other particulars

4127. We are now talking about the hours of labour. Was not the Act, in so far as it applied to women, defended on the same ground?—I am not aware. It was defended on so many grounds.

4128. Does not Mill argue that women ought to be free from control by their husbands; but that so long as they are under the control of their husbands the Factory Act ought to apply to them for the same reason as to children?—I remember that he does.

4129. Is it not true with regard to women and children that if their hours of labour are shortened their leisure is sure to be used for the public benefit?—I should not like to say that.

4130. Is it not true that the hours the children are free from the factory are spent in school, or in sleep, or in play?—Really I am not able to say how children occupy their hours. They occupy their hours so very differently, such children as I am acquainted with.

4131. Do not they occupy them in such a way as to make them likely to be healthier and stronger?—I really do not know. I am no special authority in these points.

4132. And women, when set free from factories after 10½ hours, are likely to attend to their domestic duties?—I should say it depended on the woman. I do not know.

4133. And is not one of the great arguments against the rapid diminution in the hours of labour of adult men that it is not perfectly certain that they have yet learned how to use leisure well?—I believe that argument has been used.

4134. Do you consider it an important one?—It all depends upon the meaning of the word rapid, and the class to which it is applied. I do not think any general answer can be given applicable to all classes of workers.

4135. In the beginning of the century the Government was, I think you have said, not in the hands of the people?—That is my opinion from reading.

Professor *Marshall*—continued.

4136. Therefore it was reasonable for economists to oppose legislation, on the ground that it was likely to be class legislation?—I think that that was the motive which dominated largely a number of reformers of that time.

4137. May it not be true that the change of opinion on the subject of socialism has been a gradual variation, owing to a great extent to the fact that now legislation is not likely to be class legislation against the people?—That is my case.

4138. But is that quite consistent with your implying that economists have changed their position?—I really cannot judge. I am quite willing to withdraw the statement that economists have changed their position if you imply that they have not.

4139. I do not imply that they have not changed their position at all, but have you not implied that they have changed their position fundamentally?—I should have thought a great number had. I did not say that all economists had.

4140. Have you not implied that the economists of this generation hold a fundamentally different position from that held by economists 50 years ago?—I think I would say as much as that, but it depends upon your definition of "fundamental."

4141. Have you allowed at all for the fact that this Government legislation was less likely to be class legislation?—I have included that in my answer.

4142. You have spoken a great deal about municipal tramways and gasworks and so on, have you not?—Yes.

4143. And about gasworks and tramways owned by the municipalities?—Yes.

4144. Are you sure that any such things exist?—I should be quite willing to accept your assurance to the contrary, if you think that no such things do.

4145. Can you tell me of any gasworks or tramways owned by the municipality?—I thought that was the case in Manchester.

4146. Are you sure they have not borrowed?—I am sure they have not borrowed the gasworks or the tramways.

4147. Where did they get the money from?—That is another question. I am quite sure that the Manchester tramways belong to the Manchester Corporation, and the Manchester gasworks belong to the Corporation, and that they are the legal owners of them.

4148. But how did they get the means of obtaining them?—I do not know.

4149. Did they not borrow them?—I really do not know. I believe they have a debt.

4150. I must rather press this question?—If you will explain what you are driving at, I should be able to tell you what my opinion is on the subject, or give you the information for which you are asking me.

4151. I am asking a definite question. How did the municipality obtain the money which they obtained?—I am sorry I have not come prepared with the answer in this case. I should have been glad to have looked it up, if I had known the Commission would want the information.

Mr. *Courtney.*

4152. Is there any difficulty? Is it not the fact that the Manchester Corporation owe a large sum of money to somebody or another in respect of a considerable part of the gasworks?—Quite so. If that question had been asked me, I should have been quite willing to answer it. If Professor Marshall wishes any further information, I should be glad to give it if it is in my power.

Professor *Marshall.*

4153. Will you make the statement in your own words?—I believe the piece of information which you desire I should give the Commission is that town councils have borrowed sums of money. I should not have thought myself of giving that information to the Commission. But I gladly do so at your request.

4154. Mr. Balfour asked you what property was owned by public authorities some 50 years ago, and what property there is now?—And I told him I could not answer.

4155. But perhaps you can answer certain general questions. The property standing in the name of public authorities consists in modern times to a great extent in tramways, gas works, waterworks, and so on; but is not a much larger part the roads and the ordinary means of communication?—I am sorry I have no figures at hand as to how much there is. The Commission can obtain that from the Blue Books.

4156. But you agree that the roads of the country are probably a very important property?—I can form no idea of what proportion. I am sorry I have not that information if the Commission wants it. It is in the Blue Books.

4157. You think that the roads are an important property?—I think they are important, yes.

4158. And is it not true that about 40 or 50 years ago a great deal of property was owned by the community without the need of having to borrow money from private sources to purchase it?—I believe it was so.

4159. Are you sure then on the whole there has been an increase of collective property in the last 40 years at all proportionate to the increase in private property?—Really, if information is desired on that point, I can only refer to Mr. Giffen. I have not the figures. I am perfectly willing to give any information that I have, or to explain my position in any way; but I cannot give any information which I do not possess, and on which I am not an authority.

4160. What I am asking you is whether you are sure that the statement which you made was correct?—The interesting facts which you have given or suggested as rebutting evidence would of course make me doubt it.

4161. That which passes as municipal property—gasworks, waterworks, and so on—is

Professor *Marshall*—continued

obtained by capital borrowed from individual savings, is not that so?—It may be so. It would depend upon the facts of the case.

4162. In forecasting the probable influence of collectivism on industrial progress, is it not important to recollect those agencies of industrial progress which have been collectivised in recent years are not the property of the respective corporations, because there is a mortgage on them?—I defer to your statement; but I should not put it in that way. If there is any point connected with it on which I can give information to the Commission I should be glad to do so, but I do not really know what I can add to your statement.

4163. Do you not think that the general adoption of collectivism would be likely to retard the growth of those mechanical appliances on which industrial progress is dependent?—No, I do not.

4164. Why?—I suggest that if I had said that I thought it would retard them I might have been asked why; but if I suggest no change would take place, it is surely for any other witness to say why it would take place.

4165. Do you think it is possible that the motives for saving might be diminished?—It is of course conceivable, but not probable.

4166. Do you not think it is probable?—No; I think, on the contrary, the motives for saving would be increased.

4167. Do you think it is not rather an indication of the importance of individualistic motives as a lever by which capital can be accumulated that municipalities have had to borrow from private concerns means of purchasing businesses?—It appears to me that your statement is an interesting example of the manner in which collectivism increases savings.

4168. I do not quite understand why it illustrates it?—If you did not mean it to illustrate that, I will withdraw the statement.

4169. I should like to know whether you can come to-morrow?—I should be delighted to come to-morrow at considerable inconvenience in order to give any information to the Commission, but I must venture to ask to be excused from debating these things. I should be very glad to debate the matter with any Commissioner at a proper time, but I cannot presume to take up the time of the Commission by debating questions and answers. I am prepared to give any information in my power, but not to debate or argue.

Mr. *Gerald Balfour.*

4170. Do I understand you to claim that you may be excused from answering argumentative questions?—Not at all. I should be delighted to answer any questions which are aimed at clearing up any points of difficulty, and I should be delighted to debate if it is desired; but then I must venture to debate in my own way.

Mr. *Courtney.*

4171. Let me take an illustration. You are in favour of increasing the scope of municipal action, especially in taking over gasworks, we will say?—Yes.

4172. Now you may have questions addressed to you as to the lessons to be adduced from that experience?—Yes.

4173. And you would not refuse to answer such questions?—So far as they are within my knowledge.

4174. And so with regard to any other proposition you make, you do not intend to decline to answer questions as to the probable effect of such proposal?—I would not decline at all; it is only a matter of time.

4175. The Commission can only discharge its duties after hearing your reasons?—If any Commissioner wishes to hear my reasons, I should be delighted to give them so far as I can.

Sir *Frederick Pollock.*

4176. I should like to ask you whether you have paid attention to the history of attempts at organising industry by communities, and the comparative results in regard to the same kind of work undertaken by public departments and by private enterprise?—I have not had an opportunity of obtaining any information which would be useful to the Commission.

4177. You have not studied, for example, the history of the national workshops established in Paris in 1848?—No, because I regard them as quite on another plane from any proposals for public organisation of public services. Perhaps I might explain that when a town council takes over gasworks or starts a gasworks, its object in doing so is to supply gas. But when the Ateliers Nationaux were started, the object was not to do anything in particular, but to furnish work. Now, I regard these two things as on entirely different planes. The first is a branch of what I should call the collective organisation of public services; the other is a branch of the Poor Law. That particular instance was a singularly ill-advised and ill managed branch of poor law administration.

4178. May we take it that you do not approve of public authorities making work for work's sake, employing people merely because they are unemployed?—I should be sorry to say that the policy pursued in the Lancashire Cotton Famine or in Ireland or India was wrong. It is a question of poor law administration in my view. A wise and humane provision for persons whom we cannot allow to starve, and whom we ought not to demoralise.

4179. Then you do not agree with the opinion which Mr. Tom Mann gave in his evidence yesterday, that the employment of those who are now unemployed would be, in consequence of the shortening of hours, to increase demand and general prosperity?—I did not hear enough of Mr. Mann's evidence to be able to give an opinion upon it.

Sir *Frederick Pollock*—continued.

4180. I am not taking it as Mr. Mann's opinion in particular, but I understand you do not approve of shortening the hours merely for the purpose of giving employment to more people, and thereby creating a fresh consuming power, and a fresh demand for commodities?—I think one of the results of shortening the hours would be to transfer workers from various casual and irregular industries to certain permanent organised industries, where a shortening of hours is almost necessarily accompanied by an increase of staff. I allude, for instance, to such a case as a tramway or to railway servants, and in those cases I think the absorption so far as it is an absorption of those casual workers into a better disciplined industry would be a clear and a very large gain. But on that point, of course, it would be easy to get positive evidence from the railway companies who have actually done it by their recent shortening of hours.

4181. Now to take some instance where exactly the same kind of work is done by a State or a public department, and by private enterprise. You are aware that exactly the same kind of work is done by the Government itself in Woolwich Arsenal, and for the Government by Messrs. Armstrong, Mitchell & Co. at Elswick?—Yes.

4182. Have you made any inquiry whether the work is more efficiently done at Woolwich or at Elswick?—All my inquiries go to show that Woolwich is more satisfactory, but I have no special knowledge on the point.

4183. Is that what the people say at Woolwich?—Certainly, what the workmen say.

4184. I am not referring to conditions as to wages, &c., but to the relative efficiency of the work turned out?—Yes, the workmen say so.

4185. If the work at Woolwich Arsenal were much better than the work at Elswick, do you think the War Department would go on ordering guns and other warlike stores in great quantities from Elswick?—I do not doubt you have not overlooked the fact that other considerations are involved in favour of giving some of this work to private enterprise, therefore I think your question falls to the ground.

4186. You think, as a matter of fact, the work done at Woolwich is more satisfactory than the work done at Elswick?—I am informed so.

4187. I am not suggesting that it is not good work, or that it is less good work than the work at Armstrong, Mitchell & Co.'s, but you have been informed, you say, that it is better?—That it is better.

4188. Now as regards railways, can you make any comparison between the success of railways when managed by private enterprise and when managed by the State?—Yes.

4189. You know that considerable parts of the German railways have been taken over by the State in recent times?—And I believe the German Government is very well satisfied.

4190. Do you believe that the German public are very well satisfied?—I believe so, they get the railways they want for the purposes they want them.

4191. Has there been any improvement in speed or safety?—I have no knowledge.

4192. Or any reduction of fares?—I have no knowledge, I am sorry to say.

4193. Or is the service in any way better?—I do not know.

4194. Have you heard that one of the first things which happened after the North-German railways were taken over by the Government was that the principal express train between Berlin and Hamburg was made slower*?—That is an interesting piece of evidence, but I must presume that the German people desired it to be so.

4195. Of course the German people desired to take over the railways, or they would not have done it, but it does not follow that they were wise. Now, as regards competition, of course your idea, or principle, or whatever you call it, of railway management would abolish competition?—I do not think it necessarily follows, but I should be prepared to admit that.

4196. Is there more competition between the railways in the north or between the railways in the south of England?—I think there is more competition in the north.

4197. Is the railway service on the whole better in the interest of the public in the north or in the south?—In the north. I do not know what your questions are directed to, but I certainly do not say that a monopoly in private hands uninfluenced by competition is better than a partial monopoly.

4198. Do you consider that the existing railways are monopolies in private hands?—Yes.

4199. Are they not surrounded by a great deal of State regulation?—Yes, certainly; in that sense there is a good deal of State regulation.

4200. I think you may take it as a notorious fact that in the north of England, where there is much more competition between rival companies than in the south, the railway service is decidedly better than in the south, where the railways are practically monopolies in their respective districts?—That is an interesting statement.

4201. I think it is interesting. You said something about taxes on land being principally taxes on rent. I think you said the tax on rent is almost the only form of taxation now a days on land?—I did say so, yes.

4202. Does that apply to Schedule A. of the income tax?—I should have thought so.

4203. Do you consider Schedule A. to be a tax on rent?—Yes.

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* "This (the Berlin-Hamburg express) is a very fine train, the result of severe competition which used to exist, *viâ* Uelzen. When the Berlin-Hamburg Railway existed as a private company, the train was even faster." (Foxwell and Farrer, Express Trains, English and Foreign. Lond. 1889, p. 123.)—F.P.

Sir *Frederick Pollock*—continued.

4204. Is it not a tax on the gross value?—But it is proportionate to the rent.

4205. Is not the nominal annual value rather a conventional means of assessing the gross value?—Yes.

4206. Still you consider Schedule A. to be a tax upon rent?—Yes.

4207. You think municipalities and other public bodies should undertake the direct management of the land?—When desirable and convenient and practicable.

4208. But is it not part of your principle that it is generally found desirable and convenient?—That they should undertake the management of land wherever they can do so.

4209. Will it not follow from your principles that a corporation should farm its land by a bailiff rather than let it to a tenant?—It would generally depend upon the capacity of the corporation, and the public spirit of the council, all of which are circumstances to be taken into account.

4210. I do not mean that to apply merely to municipal corporations. I suppose you would admit that the colleges in our universities are indifferently honest bodies?—I should say indifferently honest.

4211. And that they desire, in each case, to administer their estate for the benefit of the charity for which they are trustees?—I give them all credit for wishing to do so.

4212. Then do you not think it rather curious that one of the great objects of a college administering its estates is not to have farms thrown upon its hands?—I think that is extremely probable. Considering the character of the governing bodies of colleges and universities. I should say they are exercising a wise discretion in not themselves managing their own farms.

4213. The governing body has generally at its service a capable man of business, namely, the bursar of the college, who is chosen for his ability to manage land?—I should be very sorry to question the advisability of the colleges letting their farms out to tenants.

4214. You do not think in the present state of things that it is necessarily unwise for corporations or municipalities to let land to tenants, rather than to farm it themselves?—It depends upon their capacity for business.

4215. Now, I have only one other question to ask. I am not sure whether these are your own words or not, but in this summary I find this sentence: "Human nature is not the fixed "quantity many believe it to be. Compare "the enterprising New Englander with the "native of Bengal or the member of a Russian "commune"?—That is not a statement by me, but I think there is a great deal of force in it.

4216. Is it not a fact that the conditions under which the enterprising New Englander lives are, on the whole, individualistic conditions?—That is so.

4217. Is it not the fact that the conditions under which the native of Bengal or the Russian peasant lives are comparatively communistic institutions?—But they are not democratic.

4218. I say nothing about democratic, but they are collectivist as distinct from individualist?—I should be very loth to assert the superiority of collectivist institutions not accompanied by democracy.

4219. But the enterprising New Englander is ethnologically of the same race, though at many removes, as the less enterprising native of Bengal, and the equally unenterprising Russian peasant?—Indeed.

4220. We may take it as a fact admitted by ethnologists that there is a community of race between them?—I accept that on your assurance.

4221. Do you not think it is possible then that the difference in point of enterprise between the New Englander and the Bengalese or the Russian may be due, not to any difference of race, but to the New Englander having lived for many generations under individualistic conditions, while the Bengalese and the Russian have lived under communistic conditions?—I should be very sorry to make any such assumption. I think the causes are much too complicated and intermixed, to warrant anyone in saying what the difference between the Yankee and the Bengalese is due to.

4222. You are not disposed to admit that the individualist conditions under which the Yankee and his ancestors have lived for some generations have had anything to do with his being more enterprising?—Pardon me, I did not say that. The causes, I say, are so intermixed that that may be one of them.

4223. You admit it may be one of them?—It is conceivable.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

NINTH DAY.

Commission Room, Westminster Hall, Friday, 18th November 1892.

PRESENT:

THE RIGHT HON. LEONARD H. COURTNEY, M.P. (IN THE CHAIR).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. SIDNEY WEBB re-called and further examined.

(*The witness.*) If the Commission will pardon me just for one minute, I feel that I owe an apology to the Commission for what I am afraid was a serious lack of courtesy yesterday. I have been suffering from sleeplessness, and I wish very earnestly to apologise for what I am sure was a falling off of courtesy to the Commission, and especially to some members of it.

Professor *Marshall.*

4224. I believe you take a moderate position as to the requirements of an eight hours law, and think it should not be a very rigid law?—Yes. I think I would prefer to say that I am very anxious that any law that should be passed should prove to be quite practicable in application, and I feel that no law which would be perfectly rigid and universal could be practically carried out.

4225. It has been suggested to us by a railway manager that the law would be unworkable, because if a train were snowed up, or stopped by an accident or fog, it would be impossible to relieve the engine-driver at the end of his eight hours. I suppose you would not consider that a difficulty under a law such as you propose?—I think it would be extremely important that any law should have some kind of provision for such exceptions as that. I think there is a precedent in the Austrian law limiting the hours of work in mines, where there is an actual exception made in the case of snow, and I feel convinced that some such provision as that ought to be made in any law.

4226. I think you also take a moderate position as to the effects that are to be attributed to the shortenings of the hours of labour in the past, holding that we must be careful not to attribute all the benefits that have followed these shortenings of hours to that shortening?—I think that is very important; that in no case can any single cause be given as the origin of the benefits.

Professor *Marshall*—continued.

4227–8. If I may venture to say so, I think that these two elements of moderateness in your book on the eight hours day have contributed much to the service which it has rendered, and I find myself in agreement, both in reasoning and sympathy, with much that there is in every chapter. As, however, this is not the examination-in-chief, you will understand that my questions will be directed to those points on which I do not quite agree with you?—Yes.

4229. I first want to ask you some questions as to whether you have quite sufficiently acted upon your principle of not attributing to shortening of the hours of labour favourable economic conditions that may be probably ascribed, in part at least, to other causes. I will first ask you with regard to Victoria. Turning to page 101 of that book,* you say there, "In Victoria the reduction in 1856 of the hours of "labour of the skilled artisans to eight per "day was not accompanied by any fall in "wages. The continued prosperity of the "capitalist interest in this wealthy colony "indicates that the eight hours' day has not "spelt ruin"; and in a note you answer Mr. Charles Fairfield's argument, "that, in consequence of its Socialistic legislation, Victoria is "virtually insolvent." Do you know what the wages in Victoria were before the introduction of the eight hours' day?—I am sorry to say I do not; but, of course, as it was at the period of what one may call the gold fever, the wages were very high.

4230. Thirty shillings a day, I think, for artisans?—I have heard statements to that effect in particular cases.

* "The Eight Hours' Day," by Sidney Webb and Harold Cox.

Professor *Marshall*—continued.

4231. Do not the special apologists of the eight hours' day in Victoria have to argue that though money wages have fallen, yet that the prices of commodities have fallen more in proportion, so that real wages have rather risen?—I believe they do argue that, but I should be sorry to say with exactly how much justice. I may say that my reference there was intended to be to what one may call the immediate effect of the reduction of the hours of labour. The whole course of wages since 1856 in Victoria is of course a very complicated subject, and I should be very sorry to say what effect the reduction in the hours of labour had had upon the various changes which have resulted in those 36 years.

4232. I think if you look at the passage on page 101 again you will see that you are bringing the history down to quite recent times?—Pardon me, not with regard to wages, but with regard to the prosperity of the colony. I draw a distinction in deductive argument from attempting to assert that that which has followed a change has been due to that change, and pointing out that a change has occurred without actual injury following it. That does not of course assert that injury might not be caused by another such change in other circumstances.

4233. Taking the whole course of Victorian wages, is it not true that their money value has fallen nearly as fast as the general fall of prices, so that it is rather difficult to prove whether real wages in Victoria are higher or lower than they were 30 years ago?—I believe that is so, but I understand that the hours of labour in Victoria in the staple trades have not varied during those 30 years.

4234. Has not the real purchasing power of wages in England been increased by from 50 to 100 per cent. during the same period?—I agree with Mr. Giffen's statement to that effect as regards the large majority of industries, but I am afraid that there are a considerable number of workers whose condition, comparing class with the corresponding class of 50 years ago, has not materially improved at all—but that does not, of course, contradict the statement that in the great majority of the trades the wages appear to me to have risen to quite as much as Mr. Giffen states. I think Mr. Giffen's statement went first to money, and I also agree with him very largely in what he says as to the relation of purchasing power.

4235. Is not the argument from Victoria that its history shows that "the continued prosperity "of the capitalist interest in this wealthy country "indicates that the eight hours' day does not "spell ruin"; that is, I think, your argument. Is it not true that the wages of Australian workmen are to a very large extent made up of borrowed capital?—I am afraid I cannot give a short answer to that. I do not believe that in the strict sense, wages are paid out of capital at all.

4236. I did not mean to insist on any technical interpretation of the doctrine; I meant only to ask this: have there not been very large loans contracted by the Victorians in their individual and collective capacity, and have not these loans been spent to a large extent upon hiring labour to carry out productive and other works?—Certainly, and there has at the same time been a large emigration to Australia.

4237. Do you not think that the English working people might get very good wages, whether they work ten hours or eight hours, or six hours, or even if they tied one of their hands behind them, if they had the security of some thousands of acres of good land per head on which they could borrow capital from foreign countries, spending that capital in hiring themselves out at high wages?—That is an extremely hypothetical question. I think, perhaps, I can answer it best by saying that I believe certain industries which are strong enough to combine, could get those good wages, but that other industries which, for various reasons, are not capable of protecting their economic interests by combination, would be likely to suffer considerably under those circumstances, as they do now, and I may say it has been shown by the recent Royal Commission in Victoria that they have suffered—even in Victoria itself.

4238. Do you not think that every class of labour, even dock labour, might get high wages if every individual had at his back a thousand or two of acres of rich ground on which he could borrow, and employ the money in hiring himself out at high wages?—I am afraid I do not quite see your point, but I can answer to that that, of course, those circumstances would have a very favourable effect upon the labour market everywhere.

4239. Have not the suspicions, too, of Mr. Charles Fairfield and others, that the Victoria workpeople have been trusting too much to borrowed capital to keep their wages abnormally high for very short hours of work—have not those anticipations been borne out by the events that have happened since you wrote this book?—No, I do not think so. Of course, I am aware that there has been more or less what one may call a land panic in Melbourne, but I think that has happened more than once since 1850, and I should venture to suggest that these repeated commercial crises in Melbourne are due to more fundamental causes than the introduction of the eight hours day in 1856, or than the high wages.

4240. Still it remains, does it not, that in spite of the great quantities of capital that have been lent to Victoria, there has been less progress on the part of the working people under the eight hours' day in Victoria than in England under what we may call a ten hours' day?—I should be very sorry to assert that, but also I would venture to suggest that I should be very slow to even hint at ascribing any such difference in progress, if it exists, to the difference in hours.

4241. I am not quite asking you to go so far as that, but merely to say that *primâ facie* the history of Victoria is rather against than for the proposition that a reduction of the hours of labour does not prevent a rise in wages?—No, I am afraid I cannot go that length. In my

Professor *Marshall*—continued.

view the chief economic benefit of a reduction in the hours of labour is in the effect which I, rightly or wrongly, believe it will probably have upon what I may call the standard of life of the great mass of the people. I believe the fundamental prosperity of Australia is largely due to the high standard of life which the great mass of the people there have been able, through one cause and another to obtain, and I think that the shortening of the hours of labour in Australia is at once an expression, and if I may say so, a partial cause of this high standard of life.

4242. Perhaps we may pass away from that subject, and take another historical illustration from your book. On page 97, with regard to the textile industries, and on page 99 with regard to the masons, you contrast wages before 1850 for long hours with wages shortly after 1850 for short hours, is that not so ?—Yes.

4243. I think you have not explicitly allowed anything for the clearing up of the railway panic, the passing away of the potato famine, the settling down of the revolutionary spirit that was shaking all thrones in 1848 and holding back commercial enterprise, the general adoption of free trade, the large opening of new markets to England in consequence of the 1851 Exhibition, and above all, the large influx of gold from California and Australia ?—I should admit that if that instance had stood alone it would have been open to that criticism, although I have in words expressly guarded, in brief, against that inference, but it will be remembered that those instances of those dates are expressly compared and contrasted with instances of an analogous kind from all the dates which I have been able to obtain from the beginning of the century down to the present day, and at the end of the chapter I have repeated in a note the warning which I endeavoured to give all through the chapter, that the fallacy of *post hoc ergo propter hoc* must not be fallen into; and I have summed up by saying that these instances can legitimately be quoted in disproof of the argument that a reduction of the hours of labour necessarily implies a reduction of wages. That is to say, I would not quote them as an argument proving that it involves an increase of wages, but I think those facts may be quoted against the correspondingly illegitimate, as it seems to me, argument on the other side, that a reduction in the hours of labour must necessarily be followed by a reduction in wages.

4244. You have got just to the point I wanted. Do you think anybody maintains that a reduction in the hours of labour must cause a fall in wages ? Is not what they say, that a reduction in the hours of labour would cause wages to be lower than they otherwise would, that is, make them fall faster if they would otherwise have fallen, or make them rise slower or perhaps remain stationary if they would otherwise have risen; is not that the argument ?—That is the argument of reasonable persons, if I may say so, but I had thought it necessary to deal also with the arguments used by unreasonable persons, and it has been stated, I believe, more than once, that a reduction in the hours of labour must necessarily cause a falling off in the wages earned.

4245. But here we are specially concerned, are we not, exclusively concerned, with the arguments that are put forward by reasonable persons on either side of this controversy ?—Certainly, in this room; but, of course, this book from which you are quoting was written to deal also with the arguments of unreasonable persons.

4246. Then do you not think that if the question under discussion is whether a reduction of the hours of labour causes wages to be lower than they otherwise would have been, a great number of the cases mentioned in your book,—I have chosen only some, I might have chosen, I think, several more—seem capable of an interpretation quite consistent with that opinion ?—I think they are capable of such an interpretation, but I imagine that in an economic inquiry as to the effects of a shortening of the hours, it would be wrong to rule out any fact bearing on the subject, although, of course, each fact should be accepted and used, with as far as may be, the caution which its circumstances require.

4247. One of these instances is that of the textile industries, and in this connexion I should like to ask, getting a little near to the subject we were discussing yesterday, whether you do not think that even a political economist of modern times might have thought that there was a great deal of force, I do not say in the extravagant positions of Mr. Nassau Senior, and Miss Martineau, but in the position of those who held, as I think Mr. John Bright did, that so long as bread was at the extremely high price at which it then was, it was necessary to repeal the Corn Laws before reducing the hours of labour ?—I think Mr. Bright was perfectly justified in attaching the most enormous importance to the repeal of the Corn Laws, and I think, probably, that by temperament and nature that was the work which he could best do; and it is an unfortunate result that the advocates of one particular reform are very often unsympathetically disposed towards other reforms which subsequent events may show to be of, perhaps, analogous importance, although it is difficult to say which at any particular moment is the more important.

4248. Do you not think that a person in Mr. Bright's position at that time, not being able to anticipate all that series of events in the late forties or early fifties, of which I spoke, might think it much more reasonable than we, knowing these facts now, are inclined to do, to say that the Factory Act should be kept waiting for the repeal of the Corn Laws ?—I am not quite sure that that would have correctly described the position; but assuming that that does correctly describe the position which he took up, I confess that I think Lord Shaftesbury took a view which is equally justifiable.

4249. Quite so. I did not mean that it was not justifiable at all. I am not asking you to

Professor *Marshall*—continued.

say that recent events have not shown that Lord Shaftesbury was wiser than Mr. John Bright. I am only asking you whether it was not possible to hold Mr. John Bright's position even from the point of view of modern economics?—I think that Mr. John Bright's position at that time was a perfectly natural one, and one which I think does his heart, at any rate, no discredit. What I do think it displayed was a certain lack of what I may call political instinct, which it is no blame not to possess in the fullest measure.

4250. A reduction of the hours of labour of adult males is one of several ways in which we may, if we choose, turn to account, the increasing command over production which the increase of wealth and of knowledge has given us?—Yes.

4251. Do you not think that the advocates of this particular method of using up our increased resources, should pay a little more attention to the relative advantages of other methods, in particular to the extension of the Factory Acts in the direction of keeping children at school longer, and putting greater restrictions on such employment of women as prevents them from performing their parts as mothers and wives?—If I may take that question in two parts; the question of the employment of children is one on which I feel very deeply indeed, and I entirely agree that it would be very desirable if those who are advocating reforms of the class to which we are alluding, would also especially press for a raising of the age at which children go into the factory, and for an extension of the period of instruction by half-time or otherwise. I have a little more difficulty with regard to the women, because there are difficult economic questions involved, but I have every sympathy with an extension of the Factory Acts in that direction; and I think it would be very important if that could be pressed for in the way suggested.

4252. You said yesterday that the economists of to-day have been very careful not to commit themselves one way or the other about the eight hours law?—That is my opinion, and I think they are right.

4253. Might I suggest two causes of this caution. Is not one that they may think that the question of the relative advantages of diminishing the work of women and children, and of diminishing the work of those classes of men who already have a fair amount of leisure, has not been sufficiently discussed?—That may be so; I think there would be great reason for them to feel that.

4254. May not another cause be in connexion with a statement made by yourself, that the very best work is not done for pay. Perhaps I should explain; the very best work we are all agreed cannot be bought; nobody could have secured the writing of Shakespeare's works by offering to pay for them?—That is my opinion.

4255. But is it not also true that though the best work cannot be bought, the best work must have as a condition freedom of initiative and freedom of action—so far as history shows—at least so far as we can judge from history?—I, of course, agree that those are extremely important conditions of the best work. Perhaps where I should not agree with the thought that is there indicated, is in the comparative estimate of the conditions necessary for the formation of character. I believe that what I may call the *régime* of Collective Control would have good effects upon character, perhaps to a larger extent than is anticipated by those who do not take the same view with me. But I admit the very great importance of initiative and freedom, especially in various kinds of work.

4256. It is difficult to prophesy as to the future, but looking at the past, is it not true that where bureaucracy has been established where the individual has felt himself tied by red tape at every turn; the energy that has made industry progress has vanished?—I feel it extremely difficult to draw such a general conclusion, and especially for the reason that I think—I hope a great deal—a great deal of the bad effects of paternal government of the old kind can be corrected by an extension of democracy. That is to say, I hope that bureaucracy under a real democracy, which we have hardly yet attained, to anywhere, will be different,—in degree certainly,—and I hope different in kind in many ways to bureaucracy without a democratic *régime*.

4257. I share those hopes to a considerable extent, but is it not rash to make a law when we can do without a law, so long as the history of the past, in so far as it does indicate the future, shows that where you have bureaucracy there you will not have progress?—I am afraid I cannot accept that statement. I should join issue on the statement. I entirely agree with the old position, that a law is an evil which should be avoided where it can be avoided without greater evil; but, of course, the case of those who ask for a legal shortening of the hours of labour is that the evil which will result without the law is greater than the evil which the law would cause.

4258. I was suggesting that these two reasons, firstly, the fear that an increase of law might induce the stagnation of a bureaucratic *régime*, and secondly, the feeling that the relative merits of greater care for women and children and of greater care for the men had not been sufficiently discussed, might be the causes why modern economists hold very much aloof from the eight hours movement; do you not think so?—I think they are; but I should have thought perhaps an even more important cause was the extreme difficulty of prophesying what would be the effect in economic relations of any particular alteration of this kind.

4259. Yes, I was rather taking that for granted. We will now then come to that; and first with regard to a point on which, I think, we are entirely in agreement; you, I think, lay great stress upon the influence of adopting double shifts as a means of raising wages. You

Professor *Marshall*—continued.

have, I think, said something about it here, but perhaps you would kindly tell us what are the ways in which you think that the adoption of double shifts would especially help a rise of wages?—I forget at this moment in what place I have made any such statement. I do think that *primâ facie* there would be an economic advantage if double shifts could be worked—I offer no opinion as to the practicability in various trades—if double shifts could be worked, especially in industries where a large amount of fixed capital is involved compared with the wage labour; but it would, of course, depend upon other circumstances how that additional economic advantage, which I think might in many cases be obtained in that way, would be shared among the classes contributing.

4260. Might we go into that matter a little more in detail. One of the advantages you would hold would be that the untiring machinery would be working long while man was working short?—Yes.

4261. That, consequently, machinery would be worn out by use rather than thrown aside as obsolete from the lapse of time. I mean that machinery would get through a greater amount of work before the progress of invention had had time to make it obsolete?—I think that is an incidental advantage.

4262. And that in consequence, machinery would be able to be improved faster and be kept more to date?—That also, I think, would be an incidental advantage.

4263. And that in consequence machinery would be more abundant relatively to labour, the supply of machinery would be increased relatively to labour, because one piece of machinery would do for two sets of workers?—Excuse me, I do not follow the argument. I think, probably, there would be an increase of machinery because it would mean that what one may call the economic cost of using machinery would be diminished in that way.

4264. I did not mean that just then, though that, of course, is an important point. I mean this: since one machine would require two sets of men to attend to it, machinery would be running after men to work rather than men running after machinery to work on—the requisite supply of machinery would only be half as much, and, therefore, any given supply of machinery would be redundant, and this would force down the earnings of machinery relatively to labour?—I think that would be the *primâ facie* effect, which, of course, would be very quickly counteracted by other tendencies to some extent.

4265. On the whole, a less amount of capital would be required to keep going a certain amount of machinery, and therefore, with our existing capital there would be a tendency for capital to be redundant relatively to labour, and the rate of interest, therefore, would fall?—That is my opinion.

4266. We are, I think, agreed on all these points. Does it not follow that *primâ facie*, therefore, a reduction of the hours of labour from ten to eight without double shift would, for each one of these reasons separately, tend to lower wages?—I am unable quite to agree with that argument. It rather depends upon the meaning we give to the word "tendency." I think that the effect of a reduction of the hours would in a great many industries be so to alter the character of the work and the workmen, that in all probability the economic, the purely economic, effect would be comparatively small. I mean that the effect upon the product and upon the way the product was shared, would in a number of instances be comparatively small; but, of course, I should say that that must necessarily vary from industry to industry.

4267. Passing to another point you sum up on page 121 of your book, the probable economic results of an eight hours' day, as far as they can be discerned, I think, and the first result is "a general "shortening of the hours of labour may slightly "decrease the average productivity per worker, "but will, by absorbing a part of the unemployed, "probably increase the total production of the "community." Will you kindly explain why it would increase the total production?—I may say that that is of course an extremely general statement, which has been deduced from the particulars in the preceding pages. I have endeavoured to give reasons for my belief that in a number of industries a reduction of the hours of labour would have practically small economic effects, other than the increase of leisure, and that in other industries, of which, of course, that of a night watchman is an extreme type, the service rendered per worker would necessarily decrease almost in exact proportion to the reduction in the number of hours. And accordingly if you place those two arguments together you might have, on the whole of industry a slight average reduction per worker caused by this falling off in the services rendered by night watchmen, of railway signalmen, and that kind of industry coincidently with, putting it moderately, no increase in the productivity of the other industries owing to a shortening of the hours of labour. In that case you would get a general reduction in the average productivity per worker. But I have also endeavoured to show that the same reasons which would make the productivity of the night watchman fall off in almost exact proportion to the reduction in his hours, would almost necessarily involve an increase in the number of such persons, and I had come to the conclusion, tentatively, that that increase would almost certainly be sought for among the ranks of those persons in casual and intermittent employment, who are often spoken of as "the unemployed"; and that accordingly the absorption of those into the ranks of these other workers would, as it seemed to me, maintain the total productivity in all probability, and, as I thought, increase that productivity by giving us, in place of these practically unemployed workers with their evil effect upon the standard of life of the classes near them, a disciplined and civilised body of men, such as our railway porters are,

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with, as I should suggest, their improving effect upon the standard of life of the classes near them. I rest the argument upon the improvement in the standard of life which I had hoped would be brought about in that way.

4268. I then understand that you do not hold that the immediate effect of a shortening of the hours of labour would be to increase the total production of the community, but that that effect might be produced in the course of, say, a generation ?—No, I should not say that. I hold, whether rightly or wrongly, that the demoralising effect of these casual and intermittent workers is immediate in its operation, and that if one could remove, for instance, the condition of things which exists in East London,—if one could transform by some magician's wand the casual dock labourer and the home worker into as good citizens as the railway porter (who gets very low wages) you would have, as it seemed to me, an almost immediate increase in the services rendered by those people, and an improvement in the social efficiency of that part of the community.

4269. I understand the position to be that in certain industries the reduction of the hours of labour would diminish the output per man, using the term "output" generally, for all sorts of services ?—Yes, quoting the typical case of the night watchman.

4270. And that to make up for this deficiency certain of those who are now unemployed would be called in ?—I thought so.

4271. Then I understand you to go on that, immediately, these people who are called in to make up the deficiency would not only make up the deficiency, but more than make up the deficiency ?—Yes, I thought so.

4272. Why should they be called in in a number sufficient to make up more than the deficiency ?—That is a question of the relative proportion of such industries to the whole, and I feel that it is a question upon which there has been very little statistical inquiry, and upon which I feel very great uncertainty. I may say that the figure which I used in connexion with the railway industry of 400,000 persons is, I think, erroneous, because that represents the total number of persons in railway employment, whereas I ought to have referred only to the traffic staff which is considerably less; but that and other industries, such as the tramway industry, would probably recruit their ranks to a considerable extent from the class which is now somewhat chronically under-employed.

4273. Perhaps it will fix the idea if we take a particular industry, the tramway; the hours of labour are reduced, and in consequence some of the unemployed are taken on to drive trams and act as conductors; there will be a greater expense, but I cannot see why then, there should be a greater productivity. Why should there be more trams running ?—I am not sure that I have suggested that more trams would be run. That is not my opinion.

4274. Then I do not quite understand where the greater productivity would come ?—I am afraid the point at issue between us in the argument is our relative view of the effect upon the general social productivity of having these people in the condition in which they now are, and of having them in a condition, let us say, such as our railway porters. I have thought, perhaps incorrectly, that it would have a very marked effect upon the general industrial efficiency of East London if we could so improve the condition of those persons—that is to say, I hold rather strongly the doctrine that a rise in the standard of life of the people has a very great effect in the social efficiency of the work of the community.

4275. I do not quite see how you connect that with this particular cause. The men at present at work will do less; there will be consequently a certain deficiency of work done; to make up that deficiency other people will be called in; I do not see how this deficiency on the part of some people causes other people not only to make up that deficiency but to go above it ?—It depends upon our view of whether it does raise their standard of life as I should have thought. I am sorry I am not able to put it any clearer, but that is the basis of my argument. If, by reducing the hours of labour or by any other means, we can raise the standard of life of persons, especially those below what one would call a normal level of decent living, I had thought that it would have considerable and very prompt effects upon the general social efficiency of the labour of the country. I must admit that I am not able to prove it specifically, but that is what I have been driving at.

4276. I would like to put it in my own words to see if I understand you. Is it that the people who are unemployed are capable of being turned into good citizens by employment being given to them, and that when once brought into employment they would become efficient workers and go on extending industry ?—I believe that would be very largely the result.

4277. In order to estimate how far this result would be likely to follow, we should of course want to know what is the real number of the unemployed, and what portion of them are ready and able to do a good day's work in return for a fair day's wages ?—Excuse me—we have been using the term "unemployed" as a kind of shorthand. I mean, of course, those classes of workers who are intermittently and casually employed in various occupations. I do not mean the local and particular unemployed owing to some seasonal or other cause.

4278. But you are aware that there is a very great difference of opinion as to whether many of those persons could be made efficient workers by any change of condition ?—I should be very sorry to believe that there are many people who think that no change could make those people into efficient workers.

4279. Well, I would say the particular change of giving them fairly good employment for a certain time ?—Of course it is part of my case that they have been extremely demoralised, partly by the conditions in which they have lived,

Professor *Marshall*—continued.

and that, therefore, any measure of improvement would necessarily not be immediate, although I believe that it would immediately begin.

4280. But you recognise that this part of your case rests upon a view of the character of the unemployed and casually employed classes which is far from universally accepted?—I am sorry that I did not know it was to any extent dissented from. I should have thought that regular and reasonably-paid employment would have improved the character even of the most demoralised, though I should be far from saying that it would produce anything like a perfect character.

4281. I think the question is not whether it would not improve them somewhat, but whether the fact that they are at present casually employed or unemployed does not indicate some deficiency on their part, in the large majority of cases, below the average standard?—I am afraid I should be sorry to say that. I think, of course, that other things being equal, the steadier and the more capable a workman the man is, the less he is likely to be unemployed at any emergency; but, on the other hand, one knows, for instance, that persons are often unemployed, or that their trade is reduced from prosperity to one of casual and intermittent work by industrial changes. If I might quote a bygone case, about which there will be little doubt, I would say that it would have been a great gain if it could have been possible to have drawn off a number of Spitalfields handloom weavers in their long struggle against poverty; I am not saying that it would have been possible, but I am suggesting that it would have been a social gain if a number of them could have been induced to abandon their intermittent and dying work before they were actually and completely starved out to the extent they have been.

4282. I think we should all agree with you, and I think we should all agree that any change, whether it be a shortening of the hours of labour, or any other, that brought the working members of society under some sort of training was a good one; but I think we should differ as to the extent to which this cause would operate, and I think we must agree to allow for it some quantity if not quite definitely settled?—I have scarcely asserted any more than that.

4283. Making due allowances under that head, I want to ask you to consider the relation in which the doctrine that a reduction in the hours of labour would not lower wages, stands to the doctrine of the extreme Malthusians; I say the extreme Malthusians—for, of course, Malthus was a chief opponent of extreme Malthusianism—the extreme Malthusians hold, I think, that an increase of population by itself lowered wages much, and that other things being equal, a diminution of population raised wages much; is not that so?—That has been held.

4284. And you do not agree with that?—I think it is only true with very wide qualifications.

Professor *Marshall*—continued.

4285. Now, I want to ask you another question which I have already asked here of Mr. Mann, but I should be glad to have your answer to it, because it really seems to me to be very important. The population of England may be taken to be 30 millions, supposing for the sake of argument, as we did then, that the unemployed, in the large sense of the term, be taken at 10 per cent. in normal times, making 3 millions out of the 30 millions, do you hold that the wages would be very much higher than they are now, if all other things were equal, but the population were 27 millions instead of 30 millions?—I am afraid that hypothetical question requires me to consider which 3 millions would be dispensed with. I hold that it is one of the gravest dangers of an undue insistence on Malthusian doctrines, that one may be diminishing the supply of just the classes whom the country can least spare. If one could dispense in some painless way with those 3 millions of unemployed, I think it is extremely probable that the wages of the rest, at any rate the real (as distinguished from the nominal) wages of the rest, would go up.

4286 No doubt, but I was taking the 3 millions drawn by lot?—I am afraid I have not considered that point. I do not feel able to say what the effect on wages would be.

4287. I should rather like you to consider if, if you would, because it seems to me to go to the root of the question with regard to the influence of the reduction of the hours of labour on wages?—It is very difficult to answer with all the will in the world, because the withdrawal of one valuable servant of the community who, might happen to be one of those chosen by lot, might so seriously affect the productivity of the community as to counterbalance any other possible effects.

4288. I did not mean to insist upon any particular change of that sort. I am supposing that the change had been made so as not to take away specially important people?—I think that a proportionate reduction of the population, of all classes and grades of efficiency, which is perhaps the fairest way of taking it, would have, as it seems to me, either no effect upon wages at all, or an effect which it would be very difficult to calculate. That is to say, bearing in mind the question of the position of the margin of cultivation of land which would have relation to it, and also the margin of utilisation, if I may so call it, of the existing stock of machinery and plant, I feel it utterly impossible to give any statement which would be at all useful as to the probable result of that.

4289. But you have no special reason for believing that if other things were equal, but the population were 27 millions instead of 30 millions, wages would be much higher than now?—Assuming that the reduction is not from any special class, that is my view.

Mr. *Courtney*.

4290. Might we look upon the problem in this way: Taking some particular class of labourers, and considering what the effect would be upon

Mr. *Courtney*—continued.

them, and then considering whether there would be analogous effects on other classes, and so generally; for example (it is assumed, I imagine, that the capital of the country is unchanged), supposing the agricultural community were reduced one-tenth in number, what would be the effect upon their position, and would a similar effect attach to the reduction in number of one-tenth of the coal mining community, and so on?—I am afraid that the result would be different in each case, and I feel the gravest difficulty in adding up a number of unthought-out separate results so as to get any kind of total.

4291. No, I do not propose to add it up, but if you could conceive any general deduction in the one case, how far would it be applicable, more or less, to another. Would you answer the suggested question with relation to agricultural labourers?—I am afraid I can only say that it would depend upon the manner in which such a diminution in the number of agricultural labourers would affect the organisation of the agricultural industry. It might have, as I can conceive, a prejudicial effect upon that organisation. Crops, for instance, might have to be ungathered, in which case it seems to me there would be an extreme probability of the productivity falling off; and under these circumstances a very great probability of wages, among other things, falling. But if, on the other hand, a reduction in the number did not seriously interfere with the industrial organisation of that industry, I do not know that those results would occur.

4292. I said "labourers," but I meant to include therein farmers also,—all those who are really engaged in the organisation and the cultivation of land, leaving the quantity of capital at their command unchanged?—I am very sorry, but I cannot carry in mind at this moment what the effect would be upon the importation of corn and other things. I am not able to say what the result would be.

Professor *Marshall.*

4293. I think, perhaps, it would be well for me to state again the doctrine that I am asking your assent to. It is, that if other things were equal, the land and the capital, and so on, but the population were 27 millions instead of 30 millions, then there would be a slightly higher level of wages, because labour would be less abundant relatively to capital; yet that, unless we accept the extreme Malthusian doctrines, we cannot hold that such a diminution of the population would raise the wages per head much?—I agree with you that we could not come to that conclusion, that it would raise the wages per head to an appreciable extent. I offer no opinion as to whether it would or would not, but I entirely agree that we could not deductively come to the conclusion that it would raise wages.

4294. I am asking you only to assent to this, that to decide that it would raise wages very much would be to adopt extreme Malthusian opinions?—Yes.

Professor *Marshall*—continued.

4295. And you do not adopt extreme Malthusian opinions?—Certainly not in that shape.

4296. Now, would not a diminution in the amount of work done per head have just the same effects on the relations between the demand and supply of labour as an equivalent reduction in the number of workers, and would it not, therefore, have exactly the same results on the aggregate of wages paid?—I think the two cases are analogous, but as I am so uncertain about the one and equally uncertain about the other, I feel a difficulty in saying that it would be exactly the same result.

4297. Would not the position of the workers, if their number were diminished, be better than if the hours of labour were reduced, in this way,—in both cases there would be the same aggregate wages to be divided out but with a diminished number of workers the divisor would be 27,000,000, and with the shortened hours of labour the divisor would be 30,000,000, and therefore the rate of wages per head, which could not be said to have necessarily risen as a result of the diminution of the population, might be said almost necessarily to fall as a result of the diminution of the hours of labour?—Excuse me; that seems to depend upon the assumption that the sum total paid in wages remained the same. Now, I do not hold that the sum total paid in wages will necessarily remain the same, even if the total productivity remains the same.

4298. Would not the effect on the relations of supply and demand between capital and labour of a reduction of the hours of labour be just the same as the effect of an equivalent reduction in the number of workers?—No, I am not able to assent to that. I think that that would be to leave out of account the alteration in the character of the workers, which I believe a shortening of the hours of labour will bring about.

4299. I knew that you would have that valid answer, and it was for that reason that I went to that point first. We started, I think, by saying that a certain correction would have to be allowed for the training which this new employment might give to the lower ranks of workers: but subject to that allowance, eventually we should reach this result?—Again, not quite, because in addition to the potential results upon the casual labourer, henceforth to be a regular labourer, you have to consider also, as it seems to me, the effect upon the worker who is now working ten or eleven hours a day regularly, and who would henceforth only work a shorter number. I hold, in the strongest possible manner, that overtime work is costly and inefficient.

4300. Then ultimately the greater leisure will raise the standard and vigour of the population?—Yes.

4301. I think that answer is a good one, and I have no objection to it?—I should also say that in addition to that standard of vigour, the much larger considerations which are included in the standard of life generally have to be taken into account.

Professor *Marshall*—continued.

4302. There is one point of some importance though it is a minor point on which I am not in agreement with you, and that is the effect of an eight hours' day in those industries which are of the nature of a monopoly. I think it comes on page 132, under the head of tramway and railway workers. Am I right in stating that your argument is that tramway and railway managers fix the fares at the amount which will yield the greatest gross receipts, and that, therefore, if they had to pay more wages for work in consequence of the reduction of the hours of labour, they would have to bear that burden themselves, and could not shift it on to the consumers?—That is not quite what I said. I have said that according to the testimony of railway experts, some of whose opinions I have given, the charges are fixed, as they say, according to what the traffic will bear, and that has very little relation, therefore, in their minds to the actual cost which they incur in moving that traffic. But I have pointed out that that, of course, does not exclude from their consideration the increase in total working expenses which an increasing business may bring to them, nor the decrease in total working expenses which they may be able to effect if there is a decrease in business. I have merely drawn attention to the fact that the total increase or decrease of working expenses is normally in much smaller ratio to the total increased receipts or decreased receipts than the whole percentage of working expenses. That is to say, that a railway company can carry a great deal more traffic, goods and passengers, without much increasing its working expenses, and that every increase in its traffic, up at any rate to a certain point, involves a diminution in the percentage of working expenses; and conversely.

4303. Then I think I misunderstood you. I ought to have attributed to you the opinion that in tramway and railway business no very great part of the increased expense due to the eight hours day could be thrown on the public?—That is my opinion. I am told by some railway experts that a certain part of the additional expense would probably be saved in better organisation and by more appliances.

4304. Then, so far on immediate results, we are agreed; you go on also to admit, do you not, that such increased expense would prevent the rapid development of tramways and the rapid development of employment on them?—No, not quite. I have pointed out that an increased cost of working tramways might tend to militate against their extension on what we may call the margin of cultivation—that in some places it might just pay to run a tramway if you were allowed to work your men sixteen hours a day, whereas it would not pay, perhaps, to run that tramway if you were allowed only to work your men eight hours a day.

4305. I did not say it would prevent the development, but that it would prevent the rapid development. I think we were agreed?—No, I do not quite agree as to the total effect. I only said that there might be, and as it appears to me probably there would be cases on the margin of cultivation in which a tramway could not be made with an eight hours maximum when it might be profitably made with a sixteen hours maximum.

4306. In all this argument it is very important, is it not, to make clear whether we are speaking of immediate or ultimate results?—Yes, and I have endeavoured to do so.

4307. Do you think you have sufficiently made clear that there are dangers to be feared, both immediate and distant, if a reduction of the hours of labour should cause any considerable diminution of output?—I have attempted to make it clear, but, of course, in my view, the dangers to be feared from not shortening the hours of labour are far greater.

4308. Ultimately, I suppose, you would look to the emigration of capital and to a certain extent the lessened accumulation of capital as dangers to be feared?—No, I have endeavoured to explain why I do not think they are practical or serious dangers to be feared; they are possible consequences to be borne in mind.

4309. As regards ultimate results, I think you consider that the fear that our industries should be undersold by foreign competition is exaggerated?—Yes.

4310. I should, perhaps, go part of the way with you there; but must you not take account of the fact that, so far as immediate results go, there might be a considerable disturbance and shock to credit, and in consequence, want of employment?—By a universal Bill applying to all industries, I think if that were suddenly introduced and passed and effectively carried out immediately it might have those dangers, but I should venture to add to that that is hardly in contemplation, is it?

4311. I did not quite understand you to say that?—That the carrying next session of a universal Bill fixing a maximum of eight hours per day for all industries whatsoever, and its being put into thorough effect promptly, is hardly in the contemplation even of those who advocate it.

4312. I do not think you told us that before; do you think that the eight hours' day should be gradually introduced?—I think it is desirable that any change in industrial organisation should be gradual, and I think we have for some time been gradually moving towards the adoption of an eight hours' day.

4313. So that you would not advocate one sweeping Bill?—No, I have never advocated that.

4314. Now, are you quite sure that the relative advantages of a little more leisure and of higher wages are not put somewhat differently by different classes of workers?—That is so. I, of course, wish to see the raising of the standard of life—that is the basis of all my argument. Unfortunately it is just those classes who are debarred from any decent standard of life who are very often least aware of the desirability of the rise.

4315. I should now like to take an instance of that by comparison of two industries of

Professor *Marshall*—continued.

which we have heard a great deal in Committee B.; one is the Huddersfield tramways, in which you have taken a great deal of interest; and the other is the London Omnibus Company. Do you know what the wages of the Huddersfield drivers are?—I believe the drivers receive in Huddersfield 26*s*. per week.

4316. The drivers are skilled artisans. The tramways are steam tramways?—Yes, I presume the drivers might be classed as skilled artisans.

4317. They would certainly be skilled artisans, would they not, quite distinctly skilled artisans?—Of course they would not be members of the Amalgamated Society of Engineers, but I would rather say they belong to the new class of responsible labourers who have been so much introduced during this generation.

4318. But is not driving a locomotive steam engine a highly-skilled occupation?—I can only say it is a question of degree.

4319. Should you say that it was a less or more skilled occupation than driving a horse omnibus?—I really do not know at all, I am afraid I could not do either.

4320. An agricultural labourer could, I presume, get to drive an omnibus much more quickly, or an ordinary person would get to drive an omnibus much more quickly, I presume, than a steam tramway?—Perhaps I might say that in my view the economic classification of skilled and unskilled is largely a matter of wages paid, and I should rather inquire what the relative wages were before I attempted to class my workers. Of course there is another meaning to skilled and unskilled, and in that sense the agricultural labourer is perhaps as highly skilled as the engineer, but economically it is not so.

4321. But that particular method will hardly do when we are considering the effects of different modes of employment upon wages? In Committee B. we were very much interested in the effect of municipal employment at Huddersfield; we had a driver, and the manager, of the tramways, and it is with reference to that evidence I am now asking you. Do you think it is a great result of municipal enterprise to give 26*s*. per week to a steam-tram driver?—I think, perhaps, wages should be considered in relation to the place. For instance, I do not know what the wages of steam-tram drivers in private employment in the West Riding of Yorkshire are, but I am able to compare the wages of tramway conductors, and the result is this: that at Huddersfield the tramway conductor gets, for 48 hours' work, 21*s*. per week, which viewed absolutely is small enough; and at Bradford, which is only a few miles off, the tramway conductor is getting, under a private company, precisely the same wages of 21*s*. per week; but he has to work more than twice the number of hours per week. I assume from that, and from other general evidence which I have come across, that the wages paid by the Huddersfield Corporation are what one might call the wages current for those occupations in that district, and I would not ask the municipality, except as regards the minimum, to pay more than that rate.

4322. We had the Bradford case before us, and we were not able to ascertain whether there were not exceptional circumstances accounting for that?—I should be sorry to assume that there were any exceptional circumstances.

4323. We have had great complaints of the wages paid under private management to the omnibus drivers in London. Do you know what they are?—I am sorry I do not.

4324. 7*s*. 6*d*. per day?—I think it is something like that.

4325. With a choice of working seven days or six days, as they prefer?—I believe that is so.

4326. Making the wages about twice as high as are paid to the Huddersfield tramway drivers?—As are paid in an altogether different town to an altogether different class of workers.

4327. A different class, but not, apparently, less skilled?—Upon that point I have no evidence. It is not to be supposed, of course, that if those Huddersfield men were employed in London they would not get the London rate of wages. The fact that there is a difference in the rate of wages, which may sometimes come—as between Keighley and Manchester, for instance—to as much as 10*s*. per week in the Amalgamated Engineers, must be borne in mind in comparing municipal enterprise in one town with private enterprise in another town.

4328. But is there a corresponding difference in the wages of locomotive engineers in Huddersfield and in London?—Upon that point I have no particular evidence. There is a very large difference in wages generally between London and a town like Huddersfield.

4329. But a difference at all of this kind?—Yes, a difference of that kind.

4330. Of about 100 per cent.?—I must demur to the comparison. You are, as I understand, comparing two different trades, and assuming that they are equally skilled. I have no information on that subject. I should not wish to admit the fact.

4331. Do you know that we had some London omnibus drivers before us, and that they expressed the strongest objection to a reduction of the hours of labour, if it involved, as they thought it must involve, a fall of wages?—That is an extremely interesting statement of theirs, which I think is an illustration of your suggestion that different people took different views. I should not agree with them, of course, that it did necessarily involve a reduction of wages.

4332. They were asked whether they objected, not only to an Eight Hours Bill, but to a reduction to eleven hours' work, if that should result in a fall of wages to 6*s*., and they expressed a strong objection to such a change?—I think it is very probable, but then I have given reasons to show that a reduction in wages is not so probable.

Professor *Marshall*—continued.

4333. Do not facts like this rather indicate that the advantages of increased leisure are not so highly prized by many people—whose occupation already gives them a great deal of variety—as is sometimes supposed?—I have already said that the advantages would be differently prized by different people. I prize them very highly in their effect upon the social well-being of the community.

4334. I suppose an intelligent agricultural labourer, with a little special training, could become an omnibus driver, even although he might not take to it at once; would you admit that?—I should think from the fact that the wages are at the high level that you have suggested, that would probably not be the case, or else one would have supposed that those wages would have fallen.

4335. I am afraid I must take that answer without analysing it; I would ask you only this, whether you are aware what have been the average wages of labour in pecks of corn throughout English history?—I am sorry I have not those statistics with me.

4336. Has it not been proved that the day's wages of ordinary labour have oscillated about a peck of corn throughout the last 600 years?—I believe that statement has been made.

4337. That they have never, except in recent times, exceeded two pecks?—I have heard that.

4338. Would not the wages of the omnibus driver be something like seven pecks?—I daresay; but I understood that statement to refer to unskilled labour.

4339. Yes, to ordinary labour. Is not that a great argument against disturbing that method of industrial employment, by which these results have been obtained, without a very great deal of consideration as to wages ——?—Excuse me—which results; the oscillation about the one peck?

4340. No, the rise from a mean of one peck for unskilled labour, to the seven pecks for labour requiring no more special training than that of driving an omnibus?—I must venture to differ. I do not think you can fairly compare the wages of unskilled labour, worked out by Professor Thorold Rogers, for instance, in the middle ages, with the wages in corn to an omnibus driver in the 19th century, in a city where rents are so high. There are so many elements of difference. In the first place, the historical statement refers, as I understand it, to ordinary unskilled labour, but the omnibus driver belongs to a class to whom a capitalist company apparently feels itself compelled to offer far above the average wage, even of many skilled trades. I can only assume that they consider the omnibus driver to be what we should call economically a skilled labourer. In any case it would be difficult to compare the money, or even the food wages, of a man in London, where he has to pay large sums for rent, with the food wages of an agricultural labourer in the country districts in the middle ages.

4341. Of course, he would buy some things more cheaply and other things more dearly now than he would then?—There would be so marked a difference in almost every respect that I confess I am not able to offer any opinion as to the utility of the comparison.

4342. Passing to the Bristol Docks, are you sure that all the money which has been wasted at Bristol on docks was spent unwisely by private enterprise?—I should be sorry to suggest that it was spent unwisely. There has been a considerable sum of money laid out on docks in the case of the Avon, much of which have become, as I understand, relatively disadvantageous, owing to other changes. It is difficult to say that the money was not spent wisely as far as could be foreseen at the time.

4343. Is it not time that the Portishead and Avonmouth Docks, though probably unwisely competing with one another, may yet be meeting the real wants of the times, so far as they go?—I am sorry to say I do not know.

4344. I thought you had special knowledge of that; I thought you laid stress on that?—No; I said, as I understood, the people of Bristol, as a whole, were of opinion that they had done wisely in purchasing these docks, even at a sum which caused an annual deficit to occur on the dock accounts taken separately.

4345. But are you of opinion that the Bristol people think they were wise in spending something like a million pounds, which they did spend, upon improving their own docks, the Municipal Docks?—That is another question upon which I do not think I have made any statement, and as to which I really feel I know nothing.

Mr. *Abraham.*

4346. I think, in answer to one of the Commissioners yesterday, you said the Factory Acts only regulated the labour of women and children?—No, on the contrary; I meant to express, if I did not, that the Factory Acts regulated, in various ways, the labour of all those who work in the establishments to which those Acts applied, although they only limited the hours of labour, as far as express terms went, to women and young persons.

4347. You use to-day the term "young persons," which I want you to do; yesterday, I think, you used the term "women and children," in answer to a question?—I believe I did accept the question as it was put.

4348. Thank you, that is the point exactly; so that there is a class of persons between the child and the adult whose hours of labour are regulated by the Factory Acts?—Yes.

4349. Will you kindly tell us what is the age up to which the labour of young persons is regulated?—I believe it varies in particular industries up to a maximum of 18. There are various limitations for particular employments, where the limit stops at 15 and 16.

4350. Do not the Factory Acts say that the expression "young person" means a person of the age of 14 years and under the age of 18 years?—That is the general definition, but I think there are particular employments in respect

Mr. *Abraham*—continued.

of which the definition is corrected. That is the general principle.

4351. And, as a fact, the Factory Acts do regulate the hours of young persons up to 18 years of age?—Yes.

4352. Do not you think that there are some thousands of people, young persons of the age of 18, who are competent and efficient workmen at their trades?—Yes.

4353. So that these Acts are already regulating the labour of practical, competent men?—Yes.

4354. Though they are not persons coming under the term of adult workers?—That is so, I think.

4355. And you go further, and say that the Factory Acts do indirectly regulate the labour of adults?—Yes, in many cases.

4356. Now, on what grounds do you demand that the hours of labour should be shortened?—My object in supporting such a reform is my belief that with shorter hours of labour, almost every class of workers would be benefited, especially in what I call the standard of life. I think that in almost every class the workmen would become better citizens and more efficient members of the community.

4357. Then how would you first introduce such a reform?—I should be very glad to see a shortening of hours come about by whatever means it can; but I am of opinion that there are many advantages in securing that shortening of hours by the common consent of the great majority of the people in the form of an Act of Parliament, provided that a very great respect is paid to the wishes of those concerned in the particular industries.

4358. Would you introduce it in a general form first, or would you introduce it into special trades?—I think, in all probability, various large trades will not wait for what I should prefer, and will secure special Acts relating to their industries. I should wish to see the work of the House of Commons lightened in that respect, by establishing some kind of machinery for enabling each particular industry to obtain a shortening of its hours if proved desirable, without the trouble and difficulty of having to get a special Act of Parliament.

4359. So that you are in favour of a shortening of the hours being brought about by an Act of Parliament, in preference to trades union effort; have you any special reasons for that opinion?—I should not like to say that in all cases. Where trades union effort means a systematic and peaceful obtaining of a shortening of hours, I think there is much to be said for it; but where it means a fierce industrial battle, with a liability to have a recurrence of that battle at every period of bad trade, and a danger of losing the shortening already gained at such periods, then I think that whatever disadvantages there may be in any reasonable Act of Parliament, those disadvantages would be much less than that struggle.

Mr. *Abraham*—continued.

4360. Then you hold the opinion that the public should be consulted before this extreme change should be introduced?—Yes, I think so.

4361. What would be the difference in that respect if the reform was gained by law, and not by trades union effort?—There are incidental disadvantages attaching to any law of any kind which one would be glad to avoid as far as possible. It is not of course desirable that you should bring in the police court, and punishments, if we can do without them. I am afraid we cannot do without them in so many cases that I am in favour of bringing in the law; but if in any particular case it was shown to me that the law could be dispensed with, without injury or danger to the workmen concerned in the matter of hours, I should think it a gain to be able to secure what we wanted without a law if it had not greater disadvantages, as compared with securing it by a law.

4362. But would the public be consulted if the reform was brought about by Trades Union effort?—I see your point. I think there is much to be said in favour of the public being able to declare its will by means of a law. That is a great advantage which a law has over the action of a trades union, which might more or less in collusion with employers, actually tax the public in order to get either shorter hours, or larger wages, or larger profits.

4363. So that the public are open to be taxed, without being consulted, if this reform is carried by trades union effort rather than by law?—That is the case.

4364. Hence one of the reasons why you are in favour of obtaining the reform by law?—That is one great advantage of a law.

4365 I think you said to-day also, that the views of the parties concerned should be consulted; but is that not a question of degree; where would you put a limit to the people being consulted?—I think in proved excessive cases of overwork which are so detrimental to the community, I should be inclined to prevent them, even if the parties concerned did not move in the matter. But, on the other hand, it is so difficult to enforce any general law of this kind without having the willing acquiescence of the great mass of the people affected, that I should hold the wishes of the trade concerned to be a very important element.

4366. Take any trade where two-thirds or three-fourths of the workers are therein, were wishful to obtain the reform, would you allow the remainder to prevent the reform being made?—No. I think in such a case, other things being equal, the minority would have to give way to the majority.

4367. Then you are of opinion also that employers should be consulted as well, before these reforms should take place; how far would you go in that direction?—I should rather like to consult the employers in the way of getting help from them as to how best to frame the law, but I do not think I would allow the wish of an employer to have longer hours to stand at all in opposition to the wish of the great majority

Mr. *Abraham*—continued.

of his workpeople to have shorter hours. I should like to apply the principle of democracy to industry as far as possible.

4368 Knowing then the efforts which have been made by the miners of this country to get their employers to agree to a reduction of the hours of labour without law, and knowing that those efforts have failed, would you apply that doctrine to the miners?—I think I should be prepared to do so at once. I may say that it has been represented to me in various mining districts where short hours are already worked, that the permission to other districts to work long hours is a serious economic handicapping of those districts which have already adopted a comparatively short day. Therefore, I think it would be only fair to the short time districts that very long hours of labour should be prevented in the others.

4369. Then your proposition is, for the question to be optional with large bodies of men, as in the case of the miners; but do you think that any law would be carried into effect at all upon that principle?—I think that it would be possible to ascertain beyond reasonable doubt whether a large majority of the coal miners of the country were in favour or not of such a law, and that, if that opinion were made manifest, there would be no reason to object to passing the law. On the other hand, I should be very loth to attempt to carry out a law if I really thought that a large majority of the miners were against it.

4370. Being a close observer of these things, as we know you have been, do you not think that in the case of the miners it is sufficiently manifest that there is a large majority of them in favour of obtaining the reduction of hours by law?—That is my opinion.

4371. That being so, you would, then, be in favour of a general law applied to the miners?—I am.

4372. On page 129 of your book, "The Eight Hours' Day," you say this: "It has been contended that a shortening of the hours in coal mines would be really an economical measure, as many accidents happen towards the end of the working day. This argument is fallacious so far as it relates to explosions." And then you quote Mr. Fenwick. Supposing that it had been demonstrated to you since that return was made that the return was incomplete because, in the case of a number of very important explosions, the time of day at which they happened has not been recorded. would you still hold the opinion that the argument was fallacious?—No, I should withdraw my opinion. I accepted Mr. Fenwick's return as I had no knowledge of the subject, and as it told against my own case, I thought it right to put it in; but if it has been shown to be incorrect, of course my opinion would be modified.

4373. There is another very important statement: "Mr. Fenwick explains this preponderance during the earlier hours by the unnoticed accumulation of gas when no one is working in the mine." Do you indorse that opinion?—I was accepting Mr. Fenwick for the moment as an authority on that point. I really am afraid that I do not know enough to offer any criticism upon it.

4374. Are you not aware that colliers are not allowed to work in gas?—I believe it is forbidden; but, as Mr. Fenwick said this was the cause, I thought it right to give his explanation.

4375. Are you not aware that several competent men are appointed to examine these working places, and have to report that they are safe before men are allowed to go into them?—Yes.

4376. That being so, is it possible that those explosions could have occurred from an unnoticed accumulation of gas?—It certainly seems difficult to believe that it is so.

4377. Then you do not endorse the opinion?—No, I merely accepted Mr. Fenwick's opinion.

Mr. *Tom Mann.*

4378. I think I understood you to say yesterday that you looked forward to the time, that you hope we shall approach it, at any rate, when the private appropriation, or the private taking of rent and profit and interest, will cease?—Yes.

4379. That is, of course, part of the collectivist principles which you endorse?—Yes.

4380. Inasmuch as it has been raised before with other witnesses, I would like just to put this question to you: Have you in your mind what is the aggregate value of the wealth produced by the people in this country, approximately?—I should put, as near as possible, the total annual product at about 1,300 millions a year.

4381. Could you approximately allot that between wages, profits, interest, and rent?—I believe that it would be difficult to show that more than about 500 millions is paid in wages; probably another 500 millions goes in what we may call rent and interest in the shape of dividends, without respect to services immediately rendered, and that the balance would represent what, perhaps, might be called the payment for the services of the middle and capitalist class, the wages of management. Those are the nearest results that I have been able to get, and I think they are in substantial accord with the figures given by Mr. Giffen, duly corrected to date.

4382. In the 500 millions mentioned you did not include the wages of management?—No, I meant the wages of manual workers and of such kind of brain workers as do not get more than 3*l.* a week.

4383. Now, could you give me a statement of fact, or an expression of your opinion, as to whether the proportion taken by the wage-earners, as described by yourself now, is greater or less than, say, a generation ago?—I think it almost necessarily follows, from the very large increase in rent and the very large increase in the amount of capital upon which interest is paid that the proportion of the total income, which goes in wages is less now than it was 50

Mr. *Tom Mann*—continued.

years ago, although, of course, it is more in actual amount.

4384. So that we are to understand from that that whilst I think you have admitted that the standard of the wage-earners is higher than it was, they have not absorbed the full value of their increased product?—They have not received an equivalent share of the increase in productivity which has resulted; and many large classes have not had their standard of life raised at all.

4385. Concerning fluctuations as they now exist, and are likely to exist for a very considerable period, which, of course, I know you would admit; I was not able to gather exactly how you would propose to deal with the evils of fluctuations. I mean fluctuations caused in part by fashion trades, in part by season trades, as well as those fluctuations brought about by a general decline of industry which may cover that period of years?—I am afraid I am not able to bring forward any plan which would really solve that very grave difficulty; but I think a very great deal might be done to make employment more regular in season trades and fashion trades if brains were applied to the problem in the same way that brains are applied to the problem of making money. If a serious attempt were made by employers of labour to make their industry as regular as possible they could do so to a very much larger extent. I may say, for instance, that it is not unknown for a firm of shipowners to arrange that their steamers shall come in, as far as possible, at regular intervals instead of two or three at a time. It is better in many ways for them. We find that when a branch of employment is taken over by a public authority, that public authority is usually able to make it much more regular than the private authority had been able to do. That has been the experience of the London County Council in many of its small minor departments. Further, I consider that such suggestions as have been made by yourself and by Mr. Charles Booth, in connexion with the docks, are only a type of what could be done in many other cases if one really tried to do it. I may point out that employers are constantly saying that overtime to them, which is an incident of seasonal trades, is positively expensive in many ways; they have to pay additional rates for it, and they believe it tends to make the men try to lengthen out the working day unduly, and they would be glad to be able to dispense with it. There is a great deal of evidence in the history of the Factory Acts, some of which I have referred to in my book, that this overtime and seasonal pressure could be dispensed with, and actually has been dispensed with in many industries. I am afraid I have not any solution of the difficulty of the want of employment caused by the commercial crisis at present.

4386. I wish to press this just a little closer, because of a remark you made yesterday. Incidentally I may remark that we are very much in accord with regard to ideals, but I was desirous of seeing whether or not you would be prepared to come a little closer than that. You have said that if brains are really applied to this serious problem—that is not too strong a term to apply, I presume—serious problem from your point of view?—I think that it is a most serious problem.

4387. Most serious, I do; if brains are really applied to it, by which I understand you to mean on all sides?—Yes.

4388. By everyone who is interested?—Yes.

4389. Then we can do a good deal towards mitigating this most serious evil, and, to my mind, it is a most serious evil?—I agree.

4390. Knowing that you have given a great deal of attention to it, I am desirous again of pressing the point whether you have thought over any plan whereby, in the event of, shall we say, employers and workers generally doing very much more than they have done, whether you can propose to them any plan whereby there may be a mitigation of these evils pending the development of collectivism, assuming that it will develop?—I think the experience of the Factory Acts suggests one or two things which might be done. In some of the earlier Factory Acts almost every enactment was guarded by permission to work overtime in various circumstances. For various reasons those exceptions have been very largely diminished in amount, and in, I believe, all cases, it is held with advantageous results upon the regularity of employment. I think that irregularity comes very largely from the freedom which the employer has to pile up the labour at any time that he pleases, and that if he were prevented, and all his rivals were prevented from doing that, there would be no necessity on the part of any of them to do it. At the present time an employer very often puts on overtime, or, in the case of East London, says that work must be done by to-morrow, when he knows that it will take all night to do it, merely because he is afraid that if he is not as compliant as all that, some other rival will be more compliant, and he will lose the order. But if he were prevented from exercising that option, as I believe, to the detriment of the workers, he would find that his rivals would be equally prevented, and that there would be no need at all for that overtime. I would, as far as possible, use the power of trades unions and of law, and of municipal action, to tighten the pressure on the employers so as to cause them to apply their minds to this particular thing, believing that it would have the result that they would discover a means of obviating, or, at any rate, mitigating, the evil.

4391. As you have expressed yourself so clearly concerning the desirability of minimising or abolishing overtime, could we go a step further in the same direction, and say that, assuming we had reached a normal condition when no overtime is worked, practically, then, in the event of a decline, instead of discharging men the work should be distributed over the whole number?—I believe that has been enforced by one or two trade unions in past

Mr. *Tom Mann*—continued.

times, and at the present time, with extremely beneficial results; and, I believe, if employers could be compelled, in one way or another, to share their work instead of concentrating it on a few workers, it would be very advantageous, provided the depression were temporary only. I am not in favour of sharing the work as it is at present shared at the docks.

4392. You have expressed yourself as distinctly favourable to what you have termed collective philanthropy?—Yes.

4393. A very expressive term. Suppose we are unable to develop in such a way that brains shall be devoted to the solution of this question, as one who endorses municipal action on the lines already clearly expressed by you, as one who believes in collective philanthropy, I ask how would you propose to meet this serious evil of want of work, when your advice to employers, and to workers generally, had been ignored, or at any rate had not been carried out?—I think that the provision for workers, temporarily thrown out of work, through seasonal or industrial depressions of trade, ought to be most seriously considered by the local public authorities. I mean, first of all, that public authorities carrying out extensive services should, as far as possible, arrange those services so as to dove-tail in with the experienced irregularity of private employment; that is to say, that they should endeavour, as far as possible, to get all their work done in the winter, because other employers, for various reasons, diminish the amount of work which is done in the winter. There is an excellent economic reason for that, namely, that at such time the expense of doing the work is not so great as it would be at the time when everyone else is trying to do the same kind of work. I would, therefore, hold that the Government, and every branch of the Government in every locality, national and local, ought, for instance, never to have its painting done at the time when private people are insisting on having their painting done, but ought, on the contrary, to endeavour, as far as possible, since the Government can do this without inconvenience, to have its painting done at the times when other people are not having that work done. Further, I hold that it is a very important thing that the local authority should actually anticipate the work which it wants doing, and should, if any proved distress exists, do now what it was contemplating doing perhaps a year hence, in order to provide for the proved lack of employment at that time. I should go so far, if necessary, as to say that the boards of guardians, instead of being confined to granting mere out-door relief or sending people to the House, should be prepared to make some kind of reasonable and honourable provision for exceptional cases of temporary distress.

4394. Now, let me go a step farther, and assume that we have reached that state of affairs when, through wise action on the part of the respective municipal authorities, all the insanitary areas have been cleared, streets and roads are well kept and lighted in every

Mr. *Tom Mann*—continued.

particular, and that there is nothing of any importance that can be pressed forward, but still these industrial difficulties press themselves upon us; have you faced that, to your own satisfaction, as to how we may then get over the difficulty?—I am sorry to say that I have not been able to face that. I have been considering it, and I have not been able yet to see my way to any specific plan which could be suggested as at all of general application without, what seemed to me, very grave evils. But I do not think that the resources of civilisation are exhausted, and I do not doubt that if we do all that we could do at the present time, probably we should find the difficulty had been got over for the present, and if not, I should then be prepared to consider it again, with the firm determination that honourable provision must be made for the willing worker who is out of work, practically, at any pecuniary cost which did not ruin the community.

4395. You will excuse me, I am sure, if I appear to be pressing this unduly, being very anxious, as I am sure you are as well as myself, to be clear on this, and hoping and believing that these municipalities will develop in such a way that they will gradually make it impossible for themselves to meet the emergencies as they arise, on the lines you have suggested, because of the perfect way in which they will conduct their operations. As you do not believe in people being allowed to die—you say honourable provision should be made—of course, you endorse the present law which says "Do not die; there is food provided by the community"?—Yes.

4396. But neither do you endorse, I understand, the advisability of keeping people in a charitable fashion, by supplying them with food, &c., without they are giving something for it in return?—I think that is extremely demoralising, and should only be resorted to in the very last resource. I say that because in the case of an Irish famine, or some big emergency of that kind, it might be the only way to keep people alive; but it should be the very last resource, and I should like to say that I consider private charity is more degrading, and more demoralising, and more evil in its effects, on both giver and receiver, than a public provision for the starving.

4397. The position would appear to be this, then:—Industry being conducted as it is, there must of necessity from time to time be a considerable per-centage workless; municipalities developing as we may hope and believe they will, the opportunity to engage in such work as you have set forth will grow less and less, whilst possibly, probably, the desire to see honourable provision made for every member of the community will grow. But shall we not find ourselves in the predicament, where the municipalities cannot provide any useful work that they require to be done, when the per-centage of unemployed will be much as it is to-day, and when we shall have to fall back upon what can only be covered by the term "charity," which you do not approve of?—I can only say that I think that time is very remote, because I look

Mr. *Tom Mann*—continued.

to an indefinite extension of municipal action. If the municipality had actually carried out everything that is within sight of municipal duties at this moment, I hope that there would be still a very much larger extension yet to be undertaken, because of course I should consider that so long as any industry remained in private hands which could possibly be carried on by the public for itself direct, it would be desirable it should be taken over by the public. Of course, in so far as industries are taken over in that way, I presume the workers in them would be treated in the way in which the permanent staff of a railway are now treated, that is to say, in the case of depression of trade the staff is not discharged, but is kept on with such work as can be given to it as a first charge on the undertaking. It appears to me that the wage of the labourer, sufficient to provide him with a proper standard of life for every week in the year, ought to be regarded as a first charge upon the undertaking which is being carried on, and that therefore undertakings ought to be organised in such a way that a regular staff of workers could be kept on throughout the year, whether the work fluctuate or not, exactly as a railway or the Civil Service is conducted. I think we should tend more and more in that direction.

4398. I think I understand that very clearly, and I think it is expressed remarkably clearly, but it still leaves that same difficulty with me, and I wanted to find out where you derive consolation from, where you take refuge in contemplating the possibility, the probability, as I feel sure you are bound to feel that it is the case, the probability of these percentages of unemployed, which cannot be provided for on the lines suggested. Do you take refuge in the fact that there will be, and needs to be, such an extension of municipal activity to make the municipalities what they ought to be, that that will give us a balance pending the change? I understand that that is the position you take up, that is your state of mind?—I think that is in the main what I have most hope from, but also it would perhaps be fair to admit that one hopes in connexion with those industries which are necesarily of a fluctuating character in the present industrial organisation, as, for instance, shipbuilding appears to be, that the workers in those industries will become so well organised and will become so reasonable and far-seeing, that they will manage to get sufficient wages during the period when they are at work to enable them to provide for themselves during the period when they are not at work. That is not a remedy which is within the power of the poorer classes of workers because they do not, many millions of them, get enough even when they are at work to provide for the full subsistence of themselves and their families, and therefore they are utterly unable to provide for the time when they are not at work; but one hopes that those classes will be provided for in the way that I have indicated, and that the balance which remains in private enterprise may be met in the form of higher wages and good organisation.

4399. Leaving that point and coming to that of a Labour Ministry, I am not sure whether I missed an expression of opinion from you as to the form of such a Ministry or Department?—I am strongly in favour of the formation of a permanent and well organised Department of Labour, but I should be sorry necessarily to link with that a demand for a special Minister for labour for the reason that there are political and technical difficulties in the way of increasing the number of Ministers which do not apply to the increase in the number of Departments under Ministers.

4400. So that you would confine attention to the Labour Department?—Yes; but I am not against a Labour Minister.

4401. Have you already expressed yourself clearly on this; but I am not sure whether I missed it?—Only briefly.

4402. Will you kindly supplement it if you have not already done it clearly?—I think it is very important that the Labour Department should be formed, of course, out of the nucleus of the excellent Labour Bureau which we have at present, and which is, if I may so, very good as far as it goes, but that that should be supplemented by working in conjunction with the Factory Department. We have in the Factory Department and in the Mines Department an admirable nucleus for a Labour Department, and therefore it appears to me expensive and inconvenient to have two separate authorities. I should have thought that it would have been better to have had a statistical, medical, and intelligence side of the Factory and Mines Department, in which case the factory inspectors, provided, of course, with proper clerical assistance and with a proper local office, would, I should hope, become to some extent the local agents of the head of the Department of Labour, who might or might not be a separate Minister.

4403. Would you suggest to us the particular work which you feel they ought to engage in but which is not now covered?—I think we need a great deal more information about the conditions of labour in all parts of the country. I see no reason, for instance, why we should not have what they appear to have now in New Zealand, an absolutely complete register of all industrial establishments of every kind which employ anyone whatsoever—those are at present nominally under the Factory Acts—even including the home workshops, provided one person is employed for wages, in addition to the family. It seems to me that we cannot have an effective administration even of our existing law unless we have that complete system of registration. That in itself implies a large Department. Then, I have never been able to see why there should be any secrecy in the matter of wages paid. I cannot understand why the precedent of New Zealand should not be followed, where every person employing more than three wage servants—and I would remove the limitation as regards establishments

Mr. *Tom Mann*—continued.

under the Factory and Workshop Acts—should not only state the number of persons who are in his employment and their ages, but the amount of wages which they get. I think the secrecy in which employers of labour at present keep their wages-books from their rivals, must be due to an attempt of those employers to hide any advantages which they may have in the competition with their rivals by paying too low wages. I should like to see competition by sweating or reducing wages ruled out as unfair and inapplicable, and therefore I would bring public opinion to bear by publishing the wages which are paid by every employer. Then, further, it appears to me that an extremely important part of the Labour Department's work would be to inquire into coming depressions of trade. It has been possible to foresee, for at least two years, the depression of trade which to some extent is now visible, and I think that that coming depression ought to have been foretold with at any rate as much care and attempt at precision as we now attempt to foretell a storm, in order that we might know in what way to cope with it. Moreover, it seems to me extremely important that we should have what Mr. Schloss has called strike inquests. A strike appears to me to be a matter of as much national concern to know who was at fault in causing it as a fire or a death, and I think there ought to be a public inquiry, not, I should hope, by a separate Royal Commission, but by a skilled expert, into every serious strike, or indeed into any important industrial change. I would have that expert inquire into it and place whatever information he could obtain and whatever opinion he had formed at the service of the public just for what it was worth. Those are some of the things which I should wish the Department of Labour to do, and all of which, I should desire to point out, could be begun without the delay involved in an Act of Parliament. It is merely necessary for the present Cabinet to come to the decision that such a Department is desirable, for the Treasury to place a corresponding item in the estimates, and for the House of Commons to vote that item for the Labour Department to be begun at once. That, in fact, is the way in which the Bureau of Industries of New Zealand, which does many of these things, was actually commenced, without any Act of the Legislature at all.

Mr. *Courtney.*

4404. How would you get a return of wages? — We might, at any rate, begin by asking for a return, and if it was found that employers objected to make that return, we should then proceed, as so many of the American Labour Departments have proceeded, to make the return compulsory. There is another way ——

4405. Then you would have to resort to an Act? — Then we should have to resort to an Act.

Mr. *Tom Mann.*

4406. You said there was another way; will you please tell us the other way?—I see no reason why a great deal of the information at present in the possession of the Government should not be utilised for statistical purposes. There is an enormous amount of information in the possession of the General Registry Office, partly in connection with the Census, partly in connection with the ordinary registry of deaths, which is not utilised at all at present, except in the baldest way, and I am sorry to say that, in spite of the strenuous efforts of persons interested in statistical inquiry, including, I think, some of the present Commissioners, the Government did not see its way to allow that information to be made effective use of, on the ground, I believe, of expense. If I might give an instance, I should like to say that the effect upon the health and life of the workers in particular occupations has never, in my view, been adequately investigated yet, and I should like to see all the statistics of the General Registry Office made use of for that purpose, if necessary, without revealing any particular names or instances. Similarly, it appears to me that the information at present in possession of the Inland Revenue Department with regard to the income tax returns, might be similarly made use of, of course with due care to reveal nothing as to particular incomes, or incomes in particular places. Already they are made use of for statistical purposes, and therefore what I ask for is not the introduction of a new principle, but merely the carrying out of an accepted principle in a reasonable and efficient manner. A great deal of information might be obtained as to the relative productivity of particular industries, as, for instance, the ability of particular industries to bear a shortening of the hours of labour, or the possibility that particular industries might afford less than starvation wages to the worker. All these things could be obtained, to some extent, out of the existing materials already in possession of the Government, and nothing but an objection to spend some money upon making those statistics up in a statistical form, I believe, prevents a great deal of interesting information being placed at our disposal.

4407. Would you also suggest that the Department should ascertain the condition of profits and publish that too if need be?—That is what I am suggesting.

4408. Profits?—With, of course, a very careful guarding of the profits of particular employers or even of particular localities.

Professor *Marshall.*

4409. Do you suggest the keeping secret of profits of particular employers and particular localities as merely required in order to obviate opposition to the scheme or as in itself desirable?—I am much obliged. My objection really was only to obviate the opposition which one knows would be made, as I think perhaps

Professor *Marshall*—continued.

we could obviate that opposition without altogether giving up the plan, but in my view I see very little reason, if any, for keeping secret the results of any industry at all. I consider that the industry is really carried on for the benefit of the public, and that if undue profits are being made, it is extremely desirable that the public should know that fact if it can be managed without other social inconvenience.

Mr. *Tom Mann.*

4410. The strike inquest to which you refer would not be held by persons who would or could be called upon to arbitrate, I presume; they would not partake of the nature of a State Board of Arbitrators?—I am sorry that I should wish not to express any opinion upon that point. I am inquiring into it myself, and at present I have not formed any opinion either way.

4411. The obtaining of this information that you suggest, and then the dissemination of it would, in all probability, largely contribute towards minimising those evils that we have previously spoken of?—I thoroughly believe that.

4412. And it is largely with a view of contributing to that end that you would recommend it?—Yes.

4413. Just one or two questions respecting the eight hours. You have expressed yourself favourable to an optional method?—Yes, in a sense, but I should not wish to be understood as implying that necessarily votes would be taken. I mean I would pay great deference to the wishes of the individuals in the trade, but I see very great practical difficulty in establishing public machinery for actually recording the votes of those individuals in the trade, and I would rather wish to leave that open to the person who had discretion in the matter, the Minister at the Labour Department, to adopt any other means of ascertaining the wish of the workers that he could resort to, such, for instance, as inquiring of the trade union concerned, perhaps taking a vote of the members of the trade union, inquiring also the wishes of the non-unionists concerned; and certainly the wishes of the employers and their statements in opposition, if any, to the proposal.

4414. That relates rather to the carrying out of an optional plan. Perhaps we had better go a little further back. I understand that you take up the position that it is not quite within the region of practical politics, to use that phrase, to have a universal Eight Hours Act?—I think not.

Mr. *Courtney.*

4415. I think you go further than that, do you not; that even if opinion were to entertain it, you think yourself that it would be a rash thing to do?—Certainly in the present state of public opinion.

4416. No, I said even if opinion entertained it?—I think that a change in opinion which would permit of the enactment of a universal

Mr. *Courtney*—continued.

Act would go very far even to make such an Act quite possible of being carried out.

Mr. *Tom Mann.*

4417. That is, of course, assuming that opinion would only be formed as a result of some intelligence, knowing the conditions of industry?—I presume so.

4418. Endorsing then an optional plan, as distinct from a universal plan, did I understand you to say,—you are reported as having said it, I did not catch it myself—that you are distinctly opposed to a local plan or a local optional plan?—I should be sorry to be taken to be hostile to any such proposal, but I see at present very grave difficulties in allowing any part of an industry to exempt itself from a shortening of hours which was prescribed for the bulk of the industry.

4419. That is another plan. I am not speaking of exemption. I want to distinguish between exemption and option. The optional plan I take to mean that if persons in a given trade express their desire for it in sufficient numbers, then it can be applied. Exemption, I understand, means that there is to be an Act applied to all those that do not ask to be exempted from it. Confining our remarks then to option as distinct from exemption, I want now to press this point: You have, I know, some interest in the welfare of the tram-workers of London?—Yes.

4420. And only a very small proportion are even in a modified form controlled by the London County Council, or are likely to be for a considerable time?—Yes.

4421. Therefore there can be no great amount of power exercised there. May we suppose, and would it not be reasonable to suppose, that as a result of organisation amongst the tram workers themselves, or shall we put it, education amongst the tram workers themselves, in London, they had come to the conclusion that it is desirable to have a shorter working day than they now have, and will want to come under such an Act as we may suppose will be provided by-and-by, but that in some other towns there is no move of the kind—no general move—on the part of the workers themselves, or the local authorities, or anybody else in the district, would it not be desirable in such a case to enable, say, the London tramway men, who had exhibited that activity, to have the advantage of that activity and self-education, and to be brought under the operation of such an Act?—I certainly think so. I quite agree that in such cases as the case of a local tramway the shortening of the hours might be brought about with advantage for any town where it was possible, and where the workers desired it without regard to the shortening of the hours of tramway servants in other towns. For the tramway industry I would entirely approve of a local shortening and irrespective of others.

4422. Am I to understand then that the reason why you would hesitate to endorse the principle generally is because of the competitive

Mr. *Tom Mann*—continued.

arrangement that exists?—That is so to a large extent. I was thinking only of the great staple industries which run through the kingdom.

4423. Then with regard, say, to washer-women, for instance, who we have reason to believe put in something like 12 hours a day, and very often more, if they could be brought under the Act in London, or in Glasgow and not in London, or in Liverpool and not in either Glasgow or London, so much the better it would be for those who could make use of the Act, would it not, in your opinion?—In general terms, yes, only you would have to be a little careful of the effect which might conceivably be produced in the way of sending washing out of London.

4424. Yes?—But in general terms I would agree that in respect of any industry which could in that way be definitely localised. I do not see any objection to the order which I propose should limit the hours in that industry in particular localities. But I have been unable to see how that would work with regard to the great staple trades which are inter-communicable throughout the country.

Mr. *Courtney.*

4425. And the order would still be made at the discretion of the Minister?—I should not wish to lay stress on that. It appears to me that there is very much to be said for giving the regulation of the hours of labour in what we commonly call local monopolies into the hands of the local authority by way of byelaws. I think the byelaw power which local authorities now have, subject to the approval of the Local Government Board and other Government Departments, might be extended with great advantage; and, in fact, some corporations have, I believe, obtained considerable byelaw powers by special Acts. I think that might be extended with benefit to all concerned.

4426. That is a variation, I think, from the position we understood yesterday. Yesterday these things were to be taken into account by the Minister in exercising his discretion, but now you would go no further than perhaps reserve the discretionary veto to a byelaw on the part of the Minister?—That is so in the cases to which byelaws were applicable, but of course, I am not assuming that byelaws would be applicable to every case.

4427. In some cases would you take it out of the discretion of the Minister, and make it depend upon the action of the local labourers?—Subject to the general requirement of our constitutional system that byelaws should be approved by some Government Department, which I think it is desirable to retain, I would largely leave it to local authority. I think, for instance, it would be a distinct gain if the London County Council were given the power of making byelaws limiting the hours of labour on tramways in London.

4428. Subject to the discretion of the Minister in approving or disapproving?—Yes, subject to that same discretion with regard to the byelaw which the Minister already exercises with regard to all byelaws.

Mr. *Courtney*—continued.

4429. It would not be a power which the London County Council, you think, ought to have, except subject to the general power of approving or disapproving of a byelaw which should express their resolution?—I think it is convenient perhaps that we should not make a new kind of byelaw in this matter. I would rather follow the existing practice with regard to byelaws which seems to me to work very well.

4430. It is not an essential part of your scheme then?—No.

4431. It depends rather on following your precedent, and it is not an essential part of your scheme that the discretion of the Minister should in any way be preserved?—No, as regards purely local circumstances such as the tramways.

Mr. *Tom Mann.*

4432. In any case you are not pinning yourself to any special machinery, and merely want a simplified method of applying such an Act which you have referred to in general terms?—That is what I mean.

4433. Now with regard to the general principle of applying some machinery or other for the reduction and regulation of working hours, I understand that you are favourable to the most general method that is practicable?—That is so.

4434. And you are of opinion that there are departments of industry where it would be more advisable to apply it on the local plan rather than on the general plan?—I should like to explain that in my view at present those departments are rather limited in number, they are of the nature of tramways and not of the nature of industries properly so called.

4435. A little farther then on that point We will take it in connexion with shop assistants. I presume that if the shop assistants of London could come under such an Act, probably there would be much the same amount of shopping done as compared with what would be done in Glasgow?—That is my opinion.

4436. And therefore we might safely apply it in regard to such persons?—I think so. I think the precedent of Victoria is very instructive on that point, and I should be in favour of a local limitation of the hours of shops, with due provision for practicability, but a local limitation.

4437. And so with regard to any and every other industry where the interests of the industry could be secured by the application of the measure locally?—Yes, that is my dividing line, but as I say I rather narrowly limit the number of cases to which I think that local action could conveniently apply.

4438. But you are not concerned as to whether they are many or few?—No.

Mr. *Tom Mann*—continued.

4439. It is only because you do not want to contribute to the dislocation of industry ?—That is my view.

4440. And having a guarantee from those who are earning their livelihood in that industry that it would be to their advantage and not to their disadvantage, that, I presume, would weigh with you very heavily ?—It would weigh with me; but I should be extremely loth even to take the opinion of a local district of a national trade as to the probable total effects, because I want to look at other effects than those perhaps which were present to the minds of the workers. I should think it extremely disastrous if in any particular industry there was any encouragement to its shifting to a low paid or less organised part of the country from a highly paid and well organised part of the country.

Mr. *Austin.*

4441. Could you tell us what effect the proceedings of the Sweating Committee had upon the life of the workers of the East End of London ?—I am afraid that practically that Committee had very little effect at all, because no sustained attempt has been made by the Government to carry out even the small proposals which that Committee made. It is true that there has just been an Order passed requiring the registration of out-workers, as the House of Commons decided 18 months ago, but that registration is not yet carried out, and the registration itself is almost ineffective without a great deal more.

4442. In the face of such a failure, have you any proposal or suggestion to make ?—I think the proposal that I made for requiring the giver-out of work to be responsible legally for the observance of the main provisions of the Factory Acts with regard to the premises in which he has his work carried on would be a very important blow at the sweating system; and coupled with the responsibility of the owner of the premises, instead of the occupier, for the sanitary provisions of the Factory Acts, I think, would go far to remove the evils in East London, provided only that sufficient additional staff were provided for the Factory Department.

4443. Do you think this could be done by the existing Factory Department ?—I think the existing Factory Department could do it if only they were furnished with an additional number of, perhaps, subordinate officers. What is wanted, as it seems to me, is not so much any very large increase to the present highly trained and fairly well paid inspectors, as an increase in a subordinate class of people who could run about and be the eyes of the inspectors, so as to secure that this registration of workshops and registration of out-workers, both of which are nominally now law, but neither of which is at present carried out, could be effectively carried out.

4444. Now, about women working in their own homes, I believe you consider that that is a great evil ?—I think that the method of employment which admits of women and other persons working in their small tenement bedrooms is a very bad one, and I should wish to check that in every possible way. But at present a woman working alone and not employing anyone to help her does not come, as I understand, within the scope of the Factory Acts at all. I do not think it is necessary at this moment to place her within the scope of the Factory Acts, except in so far as you make the giver-out of work responsible if he chooses to have his work done in a home workshop, whether by a single woman or not; he ought to be responsible for seeing that the place where his work is done satisfies the minimum provisions laid down by the Factory Acts; and I would make him legally responsible for practically doing what, as I have said, the good firms already do—have an inspector of their own, who satisfies himself that the place is in good condition. Then, if they were found using, as a part of their factory practically, any premises which were not in good condition, or which were insanitary from any infectious disease, I would punish not only the owner of the premises for their defective sanitation, but also the giver-out of work who has allowed his work to be done under such insanitary conditions.

4445. Do I understand you to be in favour of abolishing home work altogether ?—I should very much like to see home work cease altogether. I consider that the rise in the standard of comfort of the people, so far as it has taken place, has taken place to a larger extent in those industries which are carried on on a large scale, and I am entirely in favour of the factory system and a world commerce as distinguished from the old hand industry and carrying it on on a small scale. Therefore, I should be glad to do what I could to assist the transition towards the factory system, but I am not suggesting that an Act of Parliament should at present be passed abolishing home work.

4446. Assuming, for instance, that there was an Act of Parliament abolishing home work, do you not think that it would create evils ?—I think it might be hard on a few individuals and it probably would be difficult of enforcement at the present time, and therefore I would prefer not to abolish home work, but to prevent a giver-out of work who resorted to that injurious method of employment from being favoured as he now is at the expense of his rivals, who provide factories. I should be entirely in favour of doing anything I could to gradually put pressure upon the giver-out of work to provide factories.

4447. Do you not think that a mother of a family is placed at a great disadvantage in many cases in working in a factory ?—I think that is so, and I am very loth to see mothers of families working in factories at all. I consider that their employment has nearly always a very prejudicial effect on the wages of the male worker, but I should not propose to prohibit their work.

4448. Do not you think in the cases of mothers of families that it would be as well that they should work at home, so as to care about their

Mr. *Austin*—continued.

children?—I would much prefer to bring about such a condition of society in which the mother of a family did not work for her living at all, and I think that any change which you made in that direction would, so far, be a good thing.

4449. But in the existing condition of things it is far from probable, there is far from a possibility in the near future of seeing such a happy state brought about, so that the mother of a family need not work?—Then, if she has to work at home in her own room, all I insist is that we should not place the responsibility for the sanitation of that home exclusively upon her as if she were the occupier of a factory. I want to place that responsibility where it can be effectively fulfilled, namely, upon the owner of the structure, who ought not to let it in an insanitary condition, and upon the giver-out of work who ought not to have his work carried on anywhere where insanitary conditions prevail.

4450. In that respect you would like to see an alteration in the law; I think, at present it is the occupier who is amenable?—At present it is the occupier, although in some cases under the Sanitary Acts and Public Health Acts the owner is responsible. I would wish to see the owner made responsible also under the Factory Acts for the condition of the structure which he lets, but I think the responsibility of the giver-out of work is also vital.

4451. The sweating system prevails largely, mostly in the tailoring trade?—This system of home work prevails perhaps mostly in the various branches of the clothing trades.

4452. What form of inspection is at present in existence?—Nominally all these places, even if there be ten or a dozen in one house, are legally under the existing Factory Acts, and subject, properly speaking, to registration and inspection, provided that anyone works in them who is employed for wages by the occupier, but as a matter of fact, they are neither registered nor inspected owing to the paucity of the staff. I am not able to understand why the Home Office should have allowed so long as 14 or 25 years to go past without even making any systematic attempt to carry out the existing law in those respects.

4453. On the eight hours question, in reply to some member of the Commission, you just mentioned the painting trade as an exemption from the operations of the compulsory Act, I think?—No, I do not think I said that. I suggested it as a trade which was, to a large extent, seasonal, but which I do not think need be wholly seasonal; and I fancy that public authorities ought, as far as possible, to equalise employment in that trade by deliberately concentrating all their painting work at times when private persons are not giving painting orders.

4454. But it is mostly in the summer that painting is carried on?—That is so, unfortunately, at present, and I wish to alter it.

4455. It would be very hard to do outdoor painting in winter, would not it?—I believe not. I believe that it could be done, and that it is done, as a matter of fact. If anyone has new premises finished in the winter, he has them very often painted in the winter, however cold the weather is. But, of course, an enormous part of painting work is done indoors, and could be done indoors at any time.

4456. Supposing a majority of them say, "We are in favour of an eight hours' day," but a strong minority existed, and that strong minority had large families, do you think it would be right to impose upon that strong minority an eight hours' day?—That question goes to the root of the matter. At the present time, in any well-organised trade, no single individual can fix his own hours of labour—he must work the hours of the trade or not work at all, practically. Now, however much one might be in favour of allowing any man to work what hours he liked as regards himself, if you have a condition of things in which a man must work the number of hours of the trade, it merely becomes a question who should make the rule of the trade. At present the rule of the trade is largely made by the employer, tempered by the resistance of the trade union in so far as it is effective. What I propose is, that that rule of the trade should for the future be made by the majority of the workers in the trade. The alternative is, that it should virtually be made by a minority, and if one or the other must submit and work the normal hours of the trade, I prefer that the minority should submit to the majority rather than the majority to the minority.

4457. But in that minority submitting to the will of the majority, perhaps that would create a great evil in the trade, and be the means of breaking up their organisation?—That would be a matter for careful inquiry in each case; I should think, perhaps, one might leave the effect which it would have upon the union to the workers in the trade concerned. I would pay great deference to their view as to what effect it would have upon their organisation.

4458. Could you give us an idea of the percentage of the workers of this country who are in favour of an eight hours' day at present?—No, I am sorry to say I cannot. I think that an enormous majority of the workers are in favour of an eight hours' day. It appears to me that there is good evidence for believing that a preponderance, at any rate, are in favour of an Eight Hours Bill of some kind or another; and I think, in particular trades, the numerical majority in favour of a Bill applying to their trade becomes very large indeed in some cases.

4459. Take the skilled trades, have you any idea what proportion of the skilled trades are in favour of an eight hours' day?—It is very difficult to say, because there have been no adequate statistics, that I know of, collected; all I should feel inclined to say is, that opinion in favour of an eight hours' day is growing very fast, and I think that a large majority of workers in skilled trades would be in favour of an eight hours' day, perhaps not quite so many in favour of an Eight Hours Bill.

4460. In the nine hours movement—take, for instance, the engineers—what amount of the

Mr. *Austin*—continued.

unemployed would be absorbed by the reduction of the hours from ten to nine?—I believe that no statistics on that point have been ascertained, for one reason, because the reduction was, to some extent at any rate, nominal. The amount of overtime very much vitiates any argument from that reduction of the normal day. I may say that at the present time the exceptional abundance of employment in the London bricklaying trade is attributed by some of the officials of that union to their very drastic suppression of overtime, and shortening of the hours of labour secured last year. I, of course, cannot say how far their opinion on that point is justified.

4461. And the engineers is another trade which is applying itself rather more to the abolition of overtime than to the promotion of an Eight Hours Bill?—Many members of the Amalgamated Society of Engineers considered that they had first to put down overtime before shortening the normal day.

4462. Do you think that the overtime question is at the present time of more importance than the eight hours question?—I do not discriminate between them. What is commonly called the eight hours question, in my view, is a request for a shortening of the hours of labour, whether those hours are called overtime or the normal day; that is to say, some trades have a normal day of twelve hours, other trades a normal day of nine hours, but in some places work habitually three hours overtime. I do not discriminate between those two cases at all—I would desire to reduce the hours of labour in both of them.

4463. In the application of the eight hours to the railway servant, did you take into consideration the comparison of the work done by a railway servant in an outlying country district and that in a large centre?—I think that that would be one of the special circumstances to be taken into account in any enactment relating to the railway servants; but I should like to say that, in the case of a signalman who is on duty for 12 hours at a stretch in a little place where there are few trains, I am not prepared to admit that his hours should not necessarily be shortened. As one of them once remarked to me, it comes to 12 hours solitary confinement, which is more than we inflict on our criminals. I want a man to have time to go home to his family, and perform the duties of citizenship, even if he be not actually on the strain for all the 12 hours.

4464. Take the porter in a country district; would you put him in the same position as one here, say at Waterloo?—Not necessarily. I would take the opinion of the railway servants themselves as to how that should be dealt with, and pay very great deference to their opinion, but I think it should be borne in mind that what we want to effect is a shortening of the working day, quite irrespective of a diminution of the amount of energy put into that day, which does not necessarily follow, of course.

4465. Do not you think that at the present time, or within the past couple of years, too much attention has been bestowed upon the eight hours, and less attention bestowed upon those who have to work 14 and 15 hours?—I think, perhaps, one ought to take the term "eight hours" as merely the banner and rallying cry of a general movement for the shortening of the hours of labour; that is indeed the sense in which I have taken it, that the demand for an eight hours' day is merely a general expression for the demand for shorter working hours in all industries.

4466. Suppose an eight hours' day were adopted by the various industries of the country, would you give them the powers to repeal that again if they did not find it work satisfactorily?—I should certainly desire that as to any order which I propose should be made in the case of any particular industry, there should be an opportunity of varying or altering that order, possibly to bring about a further reduction, or possibly in the contrary direction, though, of course, I would be extremely loth to make it easy to alter the order back to longer hours, but one ought not to exclude the bare possibility of such a thing being desired by the workers.

4467. But you consider it is not desirable to have a hard and fast law regulating the hours of labour?—In the present state of public opinion, no. If public opinion ever became so unanimous upon that question as it is, for instance, upon the question of Sunday labour, I should think that a universal law of eight hours would be very much in the same position as the present law against Sunday labour, but that is a state of mind which we have not yet got to.

Mr. *Tait.*

4468. You stated that the London County Council had agreed that the minimum wage paid to their servants should be 24*s.* a week?—Yes.

4469. Can you inform us upon what basis that calculation was made as to the standard of living in London?—I do not think there was any very scientific investigation made. It was necessary to arrive at some minimum to which wages lower than that could be raised, and the historic "docker's tanner" was taken as the minimum which public opinion recognised as the lowest amount to be paid to unskilled labour.

4470. Have you made any inquiry yourself as to whether a man can live in an ordinary decent house in London, and clothe himself and his family, feed them, doing so on 24*s.* a week?—I have not made any special inquiry, but I have a very strong conviction that it must be very difficult to do it, and I should be very glad if public opinion would sanction the minimum being made higher.

4471. You mean made higher than 24*s.* a week?—Yes.

4472. Now, I know that you have made inquiries both in London and in many provincial towns as to the question of sweating; would you give us a working definition of the word?—I think the word "sweating" is very loosely used to cover almost any case of oppression of the workers, but in my view the essential

Mr. *Tait*—continued.

element of evil in what is loosely known as the sweating system, is the prevalence of home work, of work that is not done in a factory but done in the workers' homes.

4473. Do you recognise that it is only on the question of sub-contracting in this work that sweating can arise?—No. I think on the contrary, that the cases where the home work is done directly for the export merchants, are some of the worst cases of sweating.

4474. Now, after making these inquiries which you have made, have you any suggestion to make to the Commission as a remedy beyond extra inspection?—I think that the proposals which I have made for casting upon the giver-out of work the responsibility for the observance of the Factory Act in the home workshops, and the responsibility of the owner of the premises of those home workshops for the structure and sanitation of those premises, if effectively carried out by an efficient staff of inspectors and assistant inspectors, would go far towards tempting the giver-out of work to put up factories, because at the present time the balance is very nearly even between the two in many cases.

4475. Have you ever made any calculation as to the amount of factories or workshops that one inspector can efficiently do?—I believe the accepted number is 10 or 15 per day, but, of course, it would vary very much as to whether these were factories in a Lancashire valley, involving a journey to and from each one, or whether they were separate home workshops in one big tenement house, where probably many more than 15 per day could be inspected.

4476. I will take you to the case of the Lancashire mills, where there are, perhaps, five to six hundred or a thousand people employed; how long would it take a man to inspect one thoroughly and efficiently?—It would be very difficult to give an opinion. It seems to me it would largely vary with the character of the mill. It is, perhaps, not necessary for the inspector to go minutely into every possible infraction of the law, in mills which he knows to be extremely well conducted, but, on the other hand, if he is at all suspicious, he would wish to go minutely into every corner of it, so that the time, I think, would so much vary that it would be very difficult to give a general opinion.

4477. From reading your book, and from what evidence you have given here yesterday and to-day, I am aware of your opinion upon the question of Parliament legally fixing the hours of labour. The London County Council have agreed that a standard of 24*s.* per week should be the wage of their servants?—Yes.

4478. Have you any suggestions to make as to what Parliament should fix as being the standard?—I think it is very desirable that the House of Commons should emphatically declare that no Department should be allowed to pay less than the wages current in the local trade union; it should be placed on record that the accepted trade union rate of the district for the particular industry should be the minimum, and I would say in addition to that, that I do not think that anything less than 24*s.* a week ought to be paid by Government in London. The conditions of life vary so much in different towns that I should not like to attempt to fix a minimum myself for other towns.

4479. Yes, but you have laid down the principle that Government shall not only fix a legal minimum of eight hours for its own employees, but you are also wishing that the other employers of labour shall not work their men any more than eight hours per day; and what I want to gather from you is, if possible, if you believe that 24*s.* a week is little enough in London, what you would be prepared to suggest to the Commission as to their making a suggestion to Parliament for a legal eight hours day with reference to a minimum standard wage?—As regards London I think we had better for the moment accept the very low scale of 24*s.* a week. I am not proposing, it will be understood, that that should be made a legal minimum for all persons, but merely that the Government should itself not pay less than that.

4480. Then you are not against the Government fixing the standard minimum wage?—For its own servants, certainly not, and if its example causes other employers to level up to them, I should be glad of it.

4481. But assuming a legal eight hours is accepted, and the present employers of labour would be fairly satisfied to be able to turn round and say, if you fix the hours, would you now kindly fix the wages? Do you agree with the principle of Government fixing wages, or what are you prepared to do in that respect?—I should have no particular theoretical objection in principle if the workers desired it, but I cannot at present conceive the workers desiring it, and, of course, it would not be done without a very full statement of the workers' desire. We do, as a matter of fact, in effect fix a minimum wage in this country to-day; that is to say, we fix the minimum which an able-bodied pauper can obtain from the poor law; below that it is very difficult to hire any labour for any length of time.

4482. Fixing a minimum for pauper labour is not wage?—I do suggest that in effect it does. If a man can obtain from the poor law a certain amount of advantage per day, he is not likely to go and work for a private employer for less than that sum, and, indeed, I should be strongly in favour of levelling up in that direction.

4483. Just one question on the Labour Department. You say that you think that the duties of the Labour Department should be to foretell those periodical depressions, from time to time, which we have to go through; but by what means? Further explain yourself on that point, will you?—I only mean that they should place at the service of the public such information as they could get on the subject. I believe a good deal of information is to be got. It is possible to record the beginning of the falling-off in orders in a large industry, and from the

Mr. *Tait*—continued.

reports which are sent in from various centres of industry in various trades, to form some kind of opinion as to which way trade is going. That opinion is now formed by the general secretaries of trade unions, and by commercial men to some extent. I believe the Labour Department could form a very useful opinion, and give a very useful guide to public opinion in London, but of course even the Atlantic storms sometimes disappoint the weather department.

4484. Now you have advocated here that the municipalities should take over the control of the works of gasworks and waterworks. You are aware that during these last two years a considerable reduction in the hours of labour of the employees of these gas works has taken place ?—Yes.

4485. And do you think that that reduction would be better maintained if the factories had been governed by a municipality, as against private enterprise ?—I believe they would.

4486. For what reason ?—Because, after all, the employers of the gas workers in a municipal gasworks are not a body of private shareholders, but the general body of citizens in that town. And it seems to me that the influence of that general body of citizens cannot fail to be exercised, duly instructed, in favour of reasonable hours of labour and reasonably adequate rates of wages. I must admit, that up to the present time, working men have very often been very backward in exercising their proper duties as employers, but I regard that as an important branch of their education, that they should have to exercise those duties, and that they should be made conscious of the importance of them.

4487. Now while that reduction of the hours of labour is taking place in various parts of the country, are you aware if the eight hours' day, which the gas workers got, has been obtained by the municipalities, and are you aware also that there are some private firms who have taken advantage of the disorganisation of the men themselves, and have increased their hours of labour ?—That I believe is the case. I do not know any instances in which the hours have been again lengthened, where the gas workers are working for a municipality.

4488. But, on the other hand, you are aware that their hours have been lengthened when they have been in private employment ?—Yes.

4489. Now, assuming that the London County Council were to apply to Parliament for the purpose of purchasing the gas and water trusts of London, by what means would you raise the moneys to purchase them ?—By the issue of a loan on the credit of the London rates.

4490. On the London rates ?—Yes.

4491. And you are aware that there are about 130,000 railway servants in this country who are presently, as to a large proportion of them, desirous of having what is ordinarily understood as a ten hours day ?—I believe that is so.

4492 What are you prepared to do to assist them in getting that, in the face of the fact of your saying that they should have an eight hours' day ?—I am not sure that I have proposed they should have an eight hours' day. I only mean that they should have a shortening of their hours of labour. I would wish certainly to defer to their wishes as to the exact shortening of it.

4493. That is, then, supposing that there is any particular industry that does not want an eight hours' day, but may want a ten hours' day, or a nine hours' day, you are prepared to say that all influences which could be brought to bear should be brought to bear for them, having deference paid to their wishes in that respect ?—Certainly. And I should have full confidence that when they wanted a further reduction to eight hours they would know how to make their wishes felt, and I should be only too delighted to help them then.

4494. Now before you approach the question of the eight hours' day itself, what are you prepared to do for keeping down overtime ? Are you prepared to penalise people for working overtime—to restrict it entirely ?—I would certainly reduce the number of cases in which overtime is permitted under the existing Factory Acts, and above all, I would render much more stringent the arrangements for giving the notice of overtime which is at present required, and I should be further inclined to limit the total of overtime worked in a year. That applies to those industries in which the factory inspection with regard to hours is already in force. With regard to other industries in which the male workers are not expressly limited with regard to their hours of labour, I should in that case again defer to the wishes of these workers. The order which I propose should be made by the Home Secretary at their request, might make such provision as to overtime as the conditions of the trade required, precisely in the same way as the Home Secretary has at present power to issue an order with regard to overtime under the existing Factory Acts.

4495. Now, let me take you to the building and the clothing trades. They are season trades, are they not ?—To some extent, yes.

4496. Then, in the building trade, a man, perhaps, does not like to have his house finished or built in winter, but would like it in the summer ?—Yes, he wishes it to be done in the summer.

4497. In consequence of that the mason and joiner have more regular employment in spring and summer than he ordinarily has in winter ?—Yes.

4498. Now, would you prevent the joiner or the painter, or whatever skilled trade he may follow or be in, from working an hour or two overtime in the commencement of the year, with the view of saving some little money for the purpose of keeping himself when there was no work for him to do ?—That is a matter in which I should pay the greatest regard to the wishes of the workmen themselves. I should certainly not wish to limit their hours of labour in the spring and summer, unless it was the desire of the majority of the trade to have them so limited.

Mr. *Tait*—continued.

4499. Therefore, you would not say that Parliament should step in and say that there should be no overtime worked, but you would leave that also to the discretion of the trade themselves?—Yes. I regard the question of overtime as one really included in the limitation of hours. The limitation of hours excludes the possibility of overtime except by way of exception, as to which I should follow the precedents of the long course of Factory Acts, and allow such exceptions as the nature of the industry required.

4500. In the course of the inquiries which you have made in different parts of the country when you have gone into the question, have you made any special study as to whether the payment of work by piece is good as against payment by day's wage?—That is a very complicated question upon which trades differ very much in opinion, so much so that I should say that it would be very difficult to give any kind of general answer. I need hardly say that I am fully alive to the cases in which piece-work is used as a means of reducing weekly wages, and I have every sympathy with any attempt at resisting that. But, on the other hand, it is impossible to shut one's eyes to the fact that a large number of well-organised trades insist on piece-work.

4501. But might I ask you as to whether you, in the course of your inquiries, have come to any conclusion as to whether payment by piece is good or bad, and if it has any demoralising effect, or what effect it has upon the workman, or what effect upon the work?—I am afraid that the effects are so diverse that I should not like to sum them up according to my idea beyond this: What appears to me is that piece-work is apt to be very prejudicial to the standard wage, unless there can be some kind of price list or standard list to maintain that collective bargaining which is the essence of trade unionism.

4502. Might I put it in this way: do you believe that piece-work virtually is task-work?—I can only say that in many industries I believe that it is; I am not quite sure that that would be true of all industries.

4503. In answer to Mr. Mann this morning you rather declined, if I may put it in that way, to go into the question of arbitration?—Yes. I have not at present formed any opinion upon that subject.

4504. That is, whether there should be a State board of arbitration or local boards of arbitration?—I am at present more or less inquiring into it, and I would wish not to even form any definite opinion myself until I have finished my inquiries.

4505. Now, the mandate that this Commission received from Parliament was to make inquiry, so far as is possible, to see if the many dislocations which have taken place in many industries could be prevented; that is, dislocations in the form of strikes. What do you think, as the result of your inquiries, is the best thing to prevent strikes?—I am afraid that I am not prepared to suggest anything by which an ultimate recourse to strikes can be in all cases prevented. I am strongly in favour of thorough organisation of employers and employed, and full recognition by each employer of the organisation of the workers, and by each organisation of workers of the employers organisation; and I wish to say that I think it extremely desirable that as some tendency towards that consummation the national Government ought to set the example of itself fully and freely recognising the combinations among its servants. And at the present time the refusal of the Admiralty to hold intercourse with any spokesman of the Deptford Yard labourers, except such as are employed in the yard, strikes me as a reversion to those old tactics of employers against which trade unions have had to fight hitherto, and I regret that the Government should be setting a bad example to employers of labour instead of a good example.

4506. Will you inform us what has been the result of your inquiry as to great strikes, where they have been brought about owing to the men not being met, and if there have been less strikes and disputes in trades in cases where the employers have met the representatives of trades unions?—I think there is no doubt about that; that is, that in trades where the employers fully recognise the men's organisation and deal with it as, I may say, an equal, in arranging the terms and the conditions of industry, I believe there are many fewer strikes than in industries where, owing to insufficient organisation, such mutual recognition does not prevail.

4507. Now if there was such a mutual recognition, do not you think then that the employers of labour, along with the employees, could settle all the disputes, even the question of reduced hours, without the intervention of Parliament?—I am afraid not. I am afraid that it comes to an ultimate trial of strength in some cases, as between nations it comes to an ultimate trial of strength in war. It is possible, perhaps, in some disputes to obviate that ultimate trial of strength by an expression of the will of the community.

4508. And is it your desire that we should have a legal eight hours' day for the purpose of securing in the future that it shall not be advanced upon owing to State control?—Yes, if I understand you rightly. I mean that I wish to avoid such a state of things as happened in 1879, when a large number of trades, which had gained a reduction of working hours in the preceding years, lost that shorter day at a time when actually less work was required in those particular industries, and they were compelled, owing to their relative weakness in the labour market, to work positively longer hours instead of shorter hours during those times.

4509. Do you think if the State controlled the hours of labour that would not attain?—That would not attain.

Mr. *Burt.*

4510. There are only one or two questions I would like to put to you with regard to the question of a legal eight hours' day, or an eight hours' day by Act of Parliament. You said, yesterday, that in fixing the hours you would defer to the opinion of those connected with the trade, and you subsequently said that you would act on those lines with reference, as far as possible, to the trade unions concerned, and to the employers' unions concerned; and in answer to Mr. Tait as bearing upon the railway employees, you also enunciated the same principle. I am repeating it in order that I may be sure that I really have correctly represented your views?—That is so.

4511 Then, in the case, say, of a trade where there may or may not be a preponderating opinion in favour of an eight hours' day, but in which there may be very considerable exceptions covering a whole district—take Northumberland and Durham, I daresay you have watched closely the position there, and generally you are familiar with it; and have you considered how you would meet a difficulty of that kind?—I have not been able to see my way, in the case of a genuinely national industry, to allow a local minority to impose practically its will upon the majority elsewhere. I know the case of Northumberland and Durham, and it is a hard case, but I am afraid I have no option except to either refuse the coal-miners elsewhere what they want, or to ask the men of Northumberland and Durham to conform to the wishes of the majority of that trade, assuming, as I believe there is, such a majority.

Mr. *Courtney.*

4512. You meant a local majority, did not you?—I mean a national majority.

4513. You do not see your way to allowing a local majority to interfere with a national majority; is that it?—In the case of a national trade, that is so. I should be sorry to exclude from that answer any possibility that there might be, of as far as possible meeting the wishes of the local section, which would depend upon the circumstances of each trade, but I am afraid that the will of the majority must prevail or that of the minority, and I would treat Northumberland with all kindness and tenderness as I would treat Ulster.

Mr. *Burt.*

4514. I daresay you are familiar enough with the circumstances, and you know that the hours of the coal getters, that is, of the men, as to the great majority of them, are eight hours, in many cases under eight; but that in the case of the boys and others engaged in the transit of the coal, the hours are 10, those have been lately reduced, and are not more than 10 now?—That is so.

4515. I do not know whether you are aware that very great efforts have been made on the part of the men themselves, not only by appointing committees and investigating the subject, but also in consultation with the

Mr. *Burt*—continued.

employers with a view to reduce the hours to the utmost possible extent?—I believe that has been so.

4516. So that they themselves recognise that it is not, to put it mildly, a satisfactory state of things that the boys should be working longer hours than the men?—And I gather that they recognise also that it is not possible by their own exertions to bring about a shorter day for the boys.

4517. Nor would they ask any outside force to do for them what they, presumably knowing all the circumstances better than anybody outside, fail to do for themselves?—I believe that they do not ask any such force, but the fact that they have failed in power to bring about the result proposed would, I suggest, be no answer to the possibility of some other power being able to bring about the result which they desire

4518. May I put it to you that it is not only a failure of power of enforcing; they have been able to enforce all they saw their way to do. It is not for the want of power, but for want of being able to see how they could shorten the hours further without introducing greater evils than they remove?—I understand their view of all the possible alternatives is that they would be more disagreeable, at any rate, to the men concerned, than the present system. It is of course, a question how far the legitimate wishes of the Northumberland men with regard to the system under which they work can be allowed to stand in the way of any national desire, should it exist, that the boys should not have to work more than eight hours a day, or in the way of any general desire, should it exist among the other miners, that they should not be prevented from getting a shorter day by Act of Parliament owing to the resistance of the Northumberland men.

4519. Now, brushing aside for the moment every other difficulty, and supposing we have an Act of Parliament carried, have you considered how you would enforce it upon a very considerable majority of very resolute men who are hostile to the change?—I think that any such change would involve, as far as I have been able to understand the complicated details of the industry, probably a change in the system of working, and although I would not at all like to propose this without an intimate knowledge, yet, perhaps, as an instance, one might say that it might involve that the other miners in Durham who do not now work a three-shift system, might have to conform to the custom of those miners who already work a three-shift system. I think that the shortening of the hours has already been accomplished, or could at any rate without much difficulty be accomplished in those mines in Durham which already do work actually three shifts; and although I am not prepared to know what the objections may be to that particular method, there appear practicable methods of bringing the other mines in Durham to the level of the few.

Mr. *Burt*—continued.

4520. Is not that on the assumption that those that are working the three shifts are working fewer than the eight hours, or at least eight hours?—Not quite upon that assumption, because it is possible that in those cases there has been no general desire to alter the arrangements by which some of the workers do work more than eight hours. But at the same time that three-shift system would enable two shifts of boys to accommodate the three shifts of hewers, but I should be very loth to lay that down without knowing the industry, and I have only suggested it as one of the plans which have been proposed to do what has, actually, I understand, been, in some of the mines of Durham, done with success.

4521. Are you aware, or if you are not, will you accept it from me, that that has been considered amongst the various proposals that have been discussed?—I am aware that it has been considered, and that the men rejected it, as I understand, because they did not like to make any alteration in their own system of working hours.

4522. You have talked it over with the men and are you aware that there is an exceedingly strong objection to night work on the part of the miners? It would not seem to an outsider to make a great deal of difference, inasmuch as there is not any daylight down the pit, and various other considerations come into play there; but, as a matter of fact, are you aware that they are very averse to night working?—I know that they are averse to this third shift, and I should be very sorry indeed arbitrarily to interfere with their wish in the matter, but after all, either the majority must rule or the minority, and unless any practicable arrangement can be otherwise suggested, I do not think it fair to the other coal miners elsewhere to allow this objection of the Northumberland and Durham miners to a third shift absolutely to bar their getting shorter hours, if no other arrangement can be made.

4523. That is a very clear answer, but that, too, is on the assumption that the miners elsewhere are, if not unanimous, very strongly in favour of an eight hours' day. Now, as a matter of fact, are you aware that while in Northumberland and Durham an individual ballot has been repeatedly taken to ascertain what the views of the men are on that subject, hardly in any other mining district has such a ballot been taken?—I believe that is so, and I should be sorry to assume, without further inquiry, what the wishes of the other miners were, but I should be quite prepared to make any decision depend upon the results of such inquiry.

4524. To sum it all up, if there is such a prevailing opinion elsewhere, you would not see your way to recognise at all the very hostile opinion that prevails in these two large and very important mining districts?—I should have to recognise it, but I do not see my way to allow it to dictate to the rest.

Mr. *Burt*—continued.

4525. Of course I think I need hardly say that with regard to the desirability of having, if possible, shorter hours, I am entirely in sympathy with you, and you will not assume otherwise from my mode of questioning, but you made a remark yesterday that there was no economic difference between eight hours obtained by law, and that obtained by other means. Now I will not venture to encounter you on a question of economics, but would it not make a very considerable economic difference whether eight hours were obtained after very full and free discussion, and with full deliberation and power if it did not succeed, of altering or making some relaxation—would not there be some economic difference as to the result?—I think very great, and I should wish, for the sake of education even, that every possible discussion should take place before the Act of Parliament were enforced, and that is why I am so anxious to see some Department charged with the duty of conducting the inquiry and introducing the order after full discussion. I may say that my view as to the want of difference in economic result between the two methods was only to make a comparison between an Act of Parliament and an equally general and equally precise order of a trade union. It is possible, of course for an eight hours' day to come by voluntary agreement, which perhaps would have other economic results.

4526. Probably you would agree with me that even the discussion that has been going on has been very advantageous educationally and in other ways?—Very advantageous.

4527. And provided the hours could be arranged otherwise than by Act of Parliament, perhaps you would go as far as to say that the other method would be preferable?—I think if it rested on the collective will of the men concerned perhaps that would be so; but I am very strongly in favour, for educational and other reasons, of the collective decision of the persons concerned, as opposed to the individual decision.

Mr. *Livesey*.

4528. In this paper (*see Appendix* LXXIII.) on the first page, there is stated what socialism means. I want first of all to ask you whether those are your opinions. You speak of "the "control by the people themselves, through their "own political organisation, of the main instru-"ments of wealth production"; and then a little lower down you say "collective administration "of rent and interest," and then comes the paragraph "collective control over, and ultimate "administration of, all the main instruments of "wealth production"?—Those are the principles upon which I should desire to act.

4529. That is your ultimate object?—Yes.

4530. So that, after all the discussions that may have taken place as to the means for going to work tentatively, you mean ultimately that that is how the business of the world should be carried on?—That is what I desire to see in this country.

Mr. *Livesey*—continued.

4531. I would ask you whether, supposing such a thing were carried out, do you think that it would bring out the best energies of men? Would it make men of us, or would it tend to unman us?—That raises a very clear issue. I have an opinion that the type of character which is evolved from the collective organisation is, on the whole, better and higher than the character which is evolved as a rule from the purely individualistic and competitive organisation, and I think especially that there are likely to be many more instances of the good type under the collectivist *régime* than under the individualistic *régime*, but, of course, that is an extremely debateable point, and I am only anxious to say that these are my own views.

4532. I only wish to ascertain if you think it is likely that the collectivist system would bring out men's best energies?—I do. I believe that the best work is not done for money now.

4533. Perhaps not, but do you think that England would have attained her present position as a manufacturing country if her system had been other than it has been. Take, for instance, the iron trade, where there have been enormous improvements and developments, would England have been what she is but for the stimulus of individual interest—self interest?—I am not quite sure even whether I can say yes to that, because I think that so many inventions have been due merely to the desire to invent, and that the profits of them have very often been gathered by others than the inventors; but I should be prepared to admit that the collectivist organisation is not equally applicable to all stages in a people's evolution, and that it is only in the highest stage of evolution that you can reach such a condition as the collectivist administration of all production—that at any particular time there are various industries which it is advantageous for the people at that stage of development themselves directly to control and administer, and that which industries fall into, that category at each time, and for each nation, as a matter of time and place.

4534. Of course, there are industries, such as the iron industry, and the cotton industry, and others, which have been stimulated by the competition to which they have been exposed. If they had not done what they have done to improve their methods of working, they would have been extinguished. Now, would they, under a collective system, have that stimulus?—I am inclined to think they would. The effect of competition upon industry is an extremely dubious and doubtful one. It has its good points, but it also has, it seems to me, its very bad points.

4535. It seems to me it would destroy the stimulus to excellence?—I do not think that holds in many cases. As I say, I think, in many cases, already the best work in some of the highest industries is not done for money at all.

4536. But is not it competition that makes us excel in almost everything?—Perhaps I can agree with you. It is desire for the approval of our own class, and when you have a state of society in which the approval of our own class is largely given to that form of success known as "making money," then in that case there are produced, as in the iron industry, the big captains of industry of the capitalist type. I think you have a great stimulus in the aspiring individual to be ranked amongst those high types, but it seems to me that if you transfer the approval of the class to some other form of success, you can breed that new excellence of type in precisely the same way as we have so successfully developed our capitalistic captains of industry in the past.

4537. Do you suppose there would be captains of industry under your system?—Certainly.

4538. Like the captains of industry of the past?—Not exactly like those of the past, perhaps, but I should hope that we should have very great intelligence developed in the industrial hierarchy.

4539. Now, we have had some instances in this country of collective action in regard to industry. You have mentioned it here, and perhaps I may be allowed to take that one with which I am connected; that is the gas industry. Have you any reason to suppose that gas undertakings conducted by corporations are better than gas undertakings conducted by companies?—I am afraid I must ask, better for whom?

4540. Better for workers; better for consumers?—Certainly. It is my opinion that for the workers and for the consumers it would be better that the gasworks of this country should be administered by municipalities.

4541. We have a good many cases; there are a great many gasworks administered by municipalities, and a great many by companies. I have a list here, but we will take the workers first. Now, in the matter of wages, do you know whether the municipalities treat their workers better than do the companies?—No, I have no information as to the matter of wages in that respect.

4542. Then I will take you to Mr. Giffen's "Return on Rates of Wages paid by Local Authorities and Private Companies to Police and to Work-people Employed on Roads, and at Gas and Water Works, with Report thereon."* Dealing with the gas, he divides it into the London district, other large towns, and small towns. We will only deal with the London district and other large towns. He says, on page xxiv., that the total number of workers employed in the London district, that is, including the suburbs of London, as well as by the great companies of London, is 10,011, and their average annual rate of wages is 85*l*. For other large towns the number is 14,152 workers employed, and the average annual rate 67*l*. There they are a good long way behind London?—Does Mr. Giffen, may I ask, give what is the general difference in rates of wages between London and those towns?

* [C.—6715.]

Mr. *Livesey*—continued.

4543. I think I have got it here on page 35. He gives a comparison of the annual rates for each trade in 1866 in the under-mentioned districts. For London and neighbourhood (I need not read about police, but I will take roads and gas), the annual rate is 58*l.* for roads. For Lancashire and West Riding it is 56*l.* per annum?—Is that a comparison, may I ask, between municipalities and private employment?

4544. No, it gives it with reference to roads, of course, which are all under municipalities, showing that for London and neighbourhood it is 58*l.* for roads, and in Lancashire and West Riding it is 56*l.*, or very nearly the same. For gas in London and neighbourhood it is 80*l.* (it is different from the 85*l.*, because it is calculated in a different way, but it is a fair comparison with the roads). For Lancashire and West Riding it is 67*l.* for gas. Now in Lancashire and West Riding the greater part of the gas undertakings are owned by the corporations, and there, I think you will say, as far as the workmen are concerned, they are better off under the companies than they are under the corporations?—Excuse me if I say that I think that those figures do not at all prove that.

4545. You must settle that with Mr. Giffen. At any rate you may prove or disprove anything by figures I know, but still there is the fact stated by his authority, that the wages are better in the districts where they are all companies than in the districts where they are largely corporations?—The district where the wages are better being London principally?

4546. Yes, but as to roads the difference is only 2*l.*?—Am I to understand that you suggest that Mr. Giffen implies that the wages at other places are practically the same as in London in other industries?

4547. No, I do not think that they are. For police in London and neighbourhood it is 78*l.* For Lancashire and West Riding it is for the police 76*l.* For the roads for London and neighbourhood it is 58*l.* For Lancashire and West Riding it is 56*l.*?—But might one compare, for instance, the work of, let us say, the other members of the Gas Workers' Union, their relative rates in London and those places. I wish to make my criticism clear.

4548. Of course this deals with 1886, which is before the Gas Workers' Union was established, and exercised its disturbing influence?—It appears to me impossible to arrive at any valid comparison unless you take some one town. We know that rates of wages in the same industry differ considerably. We know, for instance, the engineers will be getting 10*s.* a week more in one town than in another, and it would be obviously fallacious to compare the rates paid by a municipality in a low-wage town with the rates paid by a private enterprise in a high-waged town.

4549. But, practically, that is the difference. Taking the police and roads they are nearly the same. They pay nearly the same rates in London and Lancashire for police and roads, whereas for gas it is a very great deal higher in London?—I should hesitate to accept that statement, but if I might I would go on to say that that would not alter my conviction, because the essential point is, that the wages paid by municipalities are under the control of the workers themselves, and I say it is a valuable piece of true political education that they should learn to act as employers, and I should wish them to have to consider whether they would pay those wages, or whether they would not pay higher wages.

4550. I ask those questions, because I believe you come here mainly or largely in the interests of the workers. Now as to disputes, are corporations more free from disputes with their workers than are companies?—I really should not assert that all.

4551. We will go to the consumer. Do you know whether the consumer is better treated by the corporation than by the companies?—I think that is a matter of corporation policy as to whether they will charge high rates for gas, and put the profit to the rates, or charge low rates for gas, and barely pay their way. I think there is much to be said for either of those policies, but it obviously depends upon the circumstances of the town and the will of the people.

4552. We might compare Manchester and Liverpool, as they run very well together. They are two great undertakings, one in the hands of the corporation and the other in the hands of the company, each supplying something like a similar quantity of gas; Liverpool giving 3,200,000,000 feet in the year, and Manchester 3,300,000,000 feet. Now the price of gas in Manchester is 2*s.* 6*d.* a 1,000, that is for 19¼ candle gas. The price in Liverpool is 2*s.* 8*d.* a 1,000, 2*d.* more according to this return of last year, but Liverpool is 21½ candles against Manchester 19¼, so that light for Liverpool is certainly cheaper than Manchester?—I accept that on your statement, but is it stated how much profit each made?

4553. Yes, Liverpool has to pay 10 per cent. on half a million, and 7 per cent. on about 800,000*l.*, and 4 per cent. on another 400,000*l.*, whereas Manchester pays 3*l.* 14*s.* 8*d.* per cent., and the capital of the two concerns is put down at about the same amount. Manchester pays 3*l.* 14*s.* 8*d.*; Liverpool quite double that proportion?—Do I infer from that that you think that Liverpool does better for the community?

4554. Better for the needs of the consumer?—I am talking about the community.

4555. Manchester give 50,000*l* a year to the city funds and all the public lighting free, which is probably another 30,000*l.*?—That is so much pure profit to the community at large.

4556. Yes; but who pays that profit?—I am not aware that the Liverpool community gets anything.

4557. No they do not, they get nothing?—I should not wish to offer any opinion, but I believe the people of Manchester consider that they are better off in respect to their gas undertaking than the people of Liverpool

Mr. *Livesey*—continued.

4558. Now coming to the people of Manchester there is 80,000*l.* a year goes towards the aid of the rates in Manchester, where does that come from?—That comes from the consumers.

4559. Are the consumers practically the same body as the ratepayers?—I should not like to say, it depends upon the consumption.

4560. In your book "The London Programme," I think I saw it was stated that not one-half of the householders are consumers of gas in London, there are more than that in Manchester, but I suppose that you would admit that a very large proportion of the inhabitants who are householders are not consumers?—Certainly.

4561. Now is not the effect of it that those who do burn gas are taxed for the benefit of those who do not?—That is the effect of the particular policy pursued by the Manchester corporation which is not, I may say, followed by other corporations. It is a matter of policy upon which I do not wish to offer any opinion as to whether they should supply gas at cost price, and give the benefit to the gas consumers, or whether they should carry on this profitable industry for the benefit of the citizens as we carry on the Post Office.

4562. Which do you think is the better way?—I think that depends upon circumstances. I think the Post Office profit is very largely illegitimate, and ought to be given back in lower rates and higher wages, but I should not wish to say that the Post Office ought not to yield any profit at all. But in the case of gas, I should be very largely guided by the policy of the gas committee with regard to such things as lighting common stairs, lighting public places, and generally the unpaid other services which the gas committee might render to the community, and which perhaps we in London do not get.

4563. Then you are not in favour of a very large annual subsidy taken from the gas profits in aid of rates?—No, as a matter of fiscal policy that is not wise, I think, especially as it would reduce the contribution from half the owners of property.

4564. You have said that in London one-third of the householders burn gas, the bulk of the gas is burned by the trade classes, the middle class. If the gas were in the hands of the London County Council, and a large amount were taken year by year in aid of rates, the middle classes, the trade classes, would be contributing to the advantage of the upper and lower classes, would not they?—It might be so put, but they would have in return the satisfaction that they were contributing towards the common needs of this great city, instead of for the benefit of private shareholders.

4565. But why should one section of the people contribute to the common needs of the city?—That is a matter of fiscal policy, and I am not anxious to assert that they should. All I am anxious to assert is that the amount which is now contributed by them to private shareholders is of no advantage to the common needs of London.

Mr. *Livesey*—continued.

4566. Perhaps not. I take Manchester because it is a case which stands almost by itself; they have had their gasworks 50 years or more?—And they are well carried on.

4567. They have been able to raise their capital at a very low rate?—Probably not quite so low as London can raise its capital.

4568. Perhaps not, but very nearly. But take other cases. In the county of Durham, comparing the private gas companies with the corporation works, I find the lowest charge by any corporation in Durham is Stockton-on-Tees, where their price is 2*s.* 6*d.* a thousand, that is the corporation. In Sunderland, where it is a company, the price of 2*s.*, and there is a discount of 1*d.* to 6*d.* In South Shields Company it is 2*s.* 3*d.* with a discount of from 7½*d.* to 20 per cent. In Newcastle Company it is 2*s.*, less 10 per cent., so that in that district the companies beat the corporations altogether?—I should be very sorry to accept that conclusion without a good deal more consideration about the circumstances of each place and the policy of each corporation with regard to the price of gas. I do not hold that it is at all proved that the company beats the corporation because it supplies gas at a lower figure, for you neglect what the corporation does with its surplus.

4569. I have tried to take places that would compare. Now take Leeds and Sheffield, there we have two somewhat similar towns. Leeds has a larger business than Sheffield, but at Leeds the price was 2*s.* 2*d.* with 2½ per cent. and 5 per cent. discount. In Sheffield the price was 1*s.* 10*d.*, 2*s.*, and 2*s.* 2*d.*, according to consumption, and there is a case of a company and a corporation, and Leeds does not take anything, they supply gas at cost price?—Have you any information as to what the Leeds gas committee does first of all for the gas workers, and secondly the public services of the town?

4570. They charge 2*s* 2*d.* for the public lights, less 5 per cent., and they do nothing for the public service, and they do not pay anything in aid of the rates, and there they are not, therefore, benefiting the community more than Sheffield?—I, of course, should not wish to dispute that, but I only suggest to you that a large number of elements are left out of account if the object be to make a comparison.

4571. I need not pursue that further?—Might I ask, is there any statement in that return of any corporation which has ever given up its gas works to private enterprise?

4572. No, but how could they?—I am happy to be able incidentally to answer that question, because there is one case in the world where it was actually done.

4573. I was not aware of it?—That case is the City Council of Philadelphia. They, having already municipalised the gasworks, decided to hand them over to a private company. It seems now to be extremely instructive to find that in no single case in England since there have been public gasworks, has that step ever been taken, so far as I know, or ever been seriously proposed by any body of citizens in any town.

Mr. *Livesey*—continued.

4574. Is it practicable?—I think it would be. It has been done in Philadelphia.

4575. Now, about the management of gas, have you reason to suppose that the corporation management is better than the company management?—I must ask, better for whom?

4576. Would the towns be better managed?—Again I am sorry to appear captious.

4577. I would put it in this way. Do you think the corporations are likely to have better services than the companies?—Yes.

4578. You think so?—Yes.

4579. Do you know whether it is the fact that they do?—I believe the public services of this country attract men of the very highest eminence already, and will do so, I hope, to a largely increasing extent.

4580. Talking about gas, do you know that, taking Leeds, they have three large works, and each works is in charge of a man whom the companies would consider no better than a foreman, or very little better. They have no head, and if they want a large gas holder, for instance, they do not employ their own people to make the design, but they advertise for tenders, asking the manufacturers to furnish designs for tenders, and they have not a man whom they can trust to design their own work?—I am very glad to be supplied with that information, because that explains what I have never been quite able to understand, that is the comparative ill-success, from a financial point of view, of the Leeds Corporation with regard to these gas works and their comparative ill-success with regard to their workers as compared with other corporations.

4581. What is the difference as to their workers?—I mean that there was a strike between the gas committee of the Leeds Gasworks upon some questions which I have forgotten at present——

4582. Then it means that the Leeds Corporation do not manage their business at all well?—I can quite believe, from what you say, that that is the case, and I am very glad to see it, because it shows how very much better all other corporations must manage their works to give such different results.

4583. Do they?—I met the other day the engineer of one corporation where I thought he was very well treated, and I said, "You are "very comfortable, are you not?" He said, "Not nearly so comfortable as you may think. "These Socialist fellows," he says, "have got "on the Council, and they make it very un-"comfortable now." He is one of the best men in the kingdom—one of the ablest men. I am glad to consider that there is some evidence of pressure being put on the brains of these administrators, and I look for the best results from that.

4584. As soon as that man can get an opportunity of changing to even an inferior position, he will take it, will not he?—I really do not know whether that is so.

4585. I do?—That is not our experience on the London County Council.

Mr. *Livesey*—continued.

4586. Is it not?—I do not think our staff leave us for private enterprises.

4587. You have not many of the Metropolitan Board staff left, have you?—I am glad that is so.

4588. I hope you may get better men than that, but you will have a difficulty in getting better men than those who served the Metropolitan Board?—With one or two exceptions at any rate.

4589. They were unexceptionable with one or two exceptions. I am told, and I know it, that men in the employ of corporations are constantly seeking to leave them in order to get to the service of companies, because they say they feel much more comfortable, and there is much more scope in the service of the companies than in the service of the corporation?—Does that apply to the manual workers?

4590. I do not know. I do not know that I have anything further to ask on that subject. You say here, on page 3, "Mr. Webb relies far "more upon the economies and increased "efficiency which he confidently expects will "be effected by the changes which he hopes "for," and the marginal note on that is, "That "is from the municipalisation of industrial "undertakings"?—That is a very brief marginal note by somebody else upon a summary which is also not by me.

4591. But that is your contention; you believe that a municipal management will result in economies that are not found now?—No, excuse me; I am not able exactly to foresee with what comparative degree of financial economy municipalities and gas companies may manage their works. That appears to me to be only one element, and not the most important element in the total result to the community, of those two methods of management. I should be very sorry, for instance, to see the gas of London managed with a view to the greatest possible profit. I want also all the gas workers in London to have a short working day, and to have that working day secured for them without the possibility of losing it at any time by bad trade or disorganisation amongst themselves. I think that would be a consequence to be expected from the regularising of industry. For instance, I understand that the number of men employed on a gasworks fluctuates very much with very serious results upon the lives of the workers, and I should hope that if gasworks were managed not entirely for private profit, we might introduce some greater regularity—not absolute regularity—in the conditions of employment, bringing the working hours to not more than eight per day, and generally in that respect to manage the gasworks with full regard to the paramount interests of the great mass of the community who are mainly labourers, rather than that they should be managed with regard to the financial prosperity of the shareholders.

4592. Just one further remark on this. The point I was driving at in my questions about the municipalisation was that it was doubtful whether the conditions under which the officers

Mr. *Livesey*—continued.

of the municipalities work and the pay they give will command the best talent?—Then, if that is so, I would better it, but the public service has known how to get into its service hitherto what I should call the best talent, and I hope the public service in the future will be able to do so.

4593. Now, going back to your previous answer about the workers. Do not you give credit to employers for an anxiety to help the workers, very often in every way they can, by equalizing work?—Yes; I give credit to a very large proportion of employers for that desire; but it appears to me very often injurious to the character of workers that they should be even so good to them; that is to say, I doubt very much the essential benefit of paternal government—even if it be a benevolent paternal government. I would rather see the workers obtain the conditions of their own industry for themselves in their capacity as citizens, even if those conditions were not always quite so good, because my main object generally is to elevate the character of the workers.

4594. I hope it is ours too. Then, taking the question of irregularity of employment, will you not give to employers credit for the wish to minimise the hardships of casual and irregular employment?—I think they have done so in some cases; for instance, as to the docks, they have done so more lately than they did for the 20 years previous to the dock strike.

4595. Will not you give them credit for this? I was a member of a deputation one day that went before the late Mr. Smith, and Sir Henry Doulton made this remark. He said, "I assure you, sir, the "most painful part of my duty as an employer "of labour and manufacturer is to be obliged "to refuse to give work to men"?—I should wish to see the employers or captains of industry protected from that painful necessity, by being placed in such a position as that they would not have to consider the possible effects of their rivals continuing in their bad course. Taking the case of the shopkeepers, I would like to protect the good shopkeeper from being compelled, against his will, to inflict hardships upon his shop assistants by keeping them long hours at work merely because unscrupulous employers, who are not so good-hearted, are doing the same thing.

4596. Gas companies make more gas in the winter than they do in the summer, but in the summer all their ordinary work of extension, and so on, is carried on?—Yes.

4597. Will you give them credit for this fact, that the men who work as stokers in the winter work as labourers as far as they can in the summer so that they are kept in regular work?—I am glad to hear it.

4598. That is a fact. Now, one objection you have to private gas concerns is the high dividend, but are you aware that since 1876, at the instance of Sir Thomas Farrer, a standing Order of Parliament was passed requiring all new capital to be sold by auction?—Yes, I believe that is so.

Mr. *Livesey*—continued.

4599. So that in effect the capital now being raised and, since 1876, that has been raised by gas companies, though it may have a nominal dividend of 12, 13, or what not per cent., is receiving an actual dividend of only about 5½ per cent.?—I believe that is so with regard to new capital, and I believe that is about twice the dividend which the London County Council would pay upon its own stock.

Mr. *Courtney*.

Much less than that.

Mr. *Livesey*.

No new capital is sold by auction to pay 5½ per cent. to the investor; I mean ordinary stock.

4600. Perhaps the public regard gas as such a precarious thing that, as John Burns said the other day, it is a dying industry?—That is not my opinion.

4601. The fact is, that a gas company offering its stock by auction—say stock paying 13 per cent. dividend—will only get about 240*l.* in the market for it?—Have you calculated what the London County Council would get if it offered its stock for auction in that way?

4601*a*. Much less interest, no doubt; but there is then another thing about the capital. The companies certainly get as much as they possibly can for it, for they have no interest in view but to get their capital placed at the lowest rate. I may mention the company with which I am connected; in the last 10 years we have raised about 90,000*l.* of ordinary stock, for which we have received in capital value about 215,000*l.*; but we have raised 600,000*l.* in debenture stock, 5 per cent, which we have sold by auction, realising thereby 800,000*l.*, so that the total cost to the consumers is only about 4 per cent.?—Yes, I am aware of that fact.

4602. Then I think I need not go further into that. Do you consider that the reduction to eight hours would necessarily absorb the unemployed?—I think that is a very difficult question to give a general answer to. I have said that in some industries the reduction of the hours would involve an increase of the number of persons in the employment. As far as the experience of the railway companies during the last two or three years goes, when they have reduced their hours they have thereby had to take a largely increased number of men into their employment.

4603. But putting it this way, supposing that was so, supposing the reduction to eight hours did, by an increase in the number of men engaged, succeed in absorbing all the unemployed, should we never have any unemployed again?—I should not make any such assertion, nor have I. Clearly anything of that kind that was done to-day would not obviate the recurrence of periods of depression.

4604. No, I suppose not. Now about overtime. If this fairly represents your views you say, on page 6: "The employer must imme-

Mr. *Livesey*—continued.

"diately profit by overtime, and should be "willing to pay for it." But does the employer profit by overtime being worked?—I think very often overtime work is very expensive to the employer in many ways, not merely in the extra rate, but from other incidental disadvantages, which would be obvious to all employers, but I think that the present system of industry compels an employer, if he wishes to maintain his position against his rivals, often to have recourse to overtime, and in that sense he does profit by it.

4605. But it is a necessity in that case to him?—A necessity which is caused merely by his rivals being open to the same practice—a necessity which I do not think need always remain a necessity if all his rivals were prevented from going in for overtime at the same time that he was.

4606. So far as I know employers have objected to overtime, and do all they can to prevent it, because they pay more for it and get less efficient work, but if you had an eight hours law, of course you would prohibit overtime altogether?—I think a limitation of hours of labour necessarily implies the prohibition of overtime, except for some industries, and for those exceptions that might be provided for, as has been the practice with each successive limitation of hours under the existing Factory Acts, and as no doubt would be the practice with any new limitation under any future Factory Act.

4607. I suppose you have had no experience of industrial work yourself, have you?—Yes, I have.

4608. Then you advocate thorough organisation on both sides?—That is what I am in favour of.

4609. And you speak of that as a consummation. Would not the consummation be that we should have employers on one side and employed on the other, combined in two armed camps ready to fight each other, and only restrained by fear of each other—as France and Germany are now?—I think that is very often an excellent guarantee for peace, as indeed it is in the instance which you have given.

4610. But how is that to promote unity of interest and goodwill between employers and employed?—I do not think they promote unity of interest. I think there is only one way in which you can promote unity of interest, and that is to complete the industrial evolution by making every worker, and also every employer, the obvious servant of the community.

4611. Then you came back to your collectivism?—Exactly, that is the only way in which you can secure unity of interest, by placing employer and employed alike in what seems to me their proper position as servants of the community, receiving from the community maintenance at what may be the proper rate.

4612. The mills of God grind slowly, and when is this consummation to come about—500 years hence perhaps?—It will certainly be 500 years and I day unless you and I hasten it on, and I desire to do what I can to lessen the time by that one day.

4613. Do not you think that the economists of that day perhaps may say that Mr. Sidney Webb and all economists who go with him to-day were wrong?—I hope they will in many respects.

4614. Then I suppose you have no immediate expectation of seeing this great evolution take place within a reasonable time?—I was once told an anecdote, if I may answer in that way, of the little boy who was recommended to go to the window to see the cloud falling; he went to the window, full of fear lest he should be crushed to death, and came back and said that he saw nothing but drops of rain falling, but he was told that was the way the clouds fell, and the only way they fell.

4615. The ultimate object is collectivism, and I suppose the ultimate result of the falling of a cloud is to have a fog?—I think it is also to be considered that the cloud falling brings about the beneficent rain which enables us all to live.

4616. But sometimes the cloud does fall, and where are we in London then?—That is when it falls all of a sudden and too quickly, which I am anxious to prevent.

Mr. *Bolton.*

4617. You have told us a great deal, or rather you have advocated very earnestly the management of industries by municipal authorities?—Yes.

4618. You have not told us by what machinery you would work those industries?—Practically the same machinery as that by which they are now worked, that is to say, if the London County Council takes over the London water companies presumably we shall retain in our employment the great mass of the people who now actually administer those industries, and I should hope that we might even get some of the existing directors of the water companies to serve on our Council.

4619. That remark has reference to such matters as the supply of water, but not to matters of productive industry. You do not propose to limit the municipalities to water and gas and tramways, do you?—No, not necessarily.

4620. I understood you to say that you would go very much further, in fact absorb the whole manufacturing industry of the country in the end?—I hope that it may be possible for us so to manage our industries.

4621. By what machinery would you manage each of those industries?—In much an analogous way with respect to any industry as it is managed at present. Take a large limited company, you have the whole industry managed by paid servants supervised by a voluntary board.

4622 Not a voluntary board?—By a board which is paid its fees for the work of directors.

4623. And an elected board?—An elected board. I hope that we should replace the elected board of directors by an elected council.

4624. Then you have the elected council at present, for instance, any municipal council, the

Mr. *Bolton*—continued.

managers of those various works?—I think it is, perhaps, inconceivable that the ordinary citizen of an ordinary town could at this moment, to-morrow, take over and manage all these things. All I am suggesting is, that they should take them over as fast as the citizens in each town feel themselves capable of managing them successfully and beneficially to the community without the intervention of a board of directors.

4625. There is nothing to prevent them doing that at the present time except the consent of their constituents and the consent of Parliament?—That is so; that is why they have been doing it to so great an extent during the last 40 years.

4626. Do you propose some general legislation to enable municipalities to proceed with all kinds of manufacturing?—No. I have not done that at present, because the municipalities are able to get every power that they want from Parliament as fast as they ask for it, save and except London only, which is not allowed the powers of an ordinary municipality yet.

4627. You do not wish to alter the present position of matters in that respect at all?—I should not, of course, wish to alter any law till it had become necessary to carry out the desires of the people of the town. They are only restrained now from continuing their course of municipalisation by the fact that they are not yet converted to it in regard to every industry.

4628. You are very well satisfied, I presume, that the corporations or municipalities would conduct those industries on profitable terms?—Profitable to whom?

4629. That is to say, that they would conduct them on terms which would free the ratepayers from all expense?—I think that they would conduct them in the way the citizens desired.

4630. Exactly, but do you think that they would conduct them in that sense profitably?—I think that each town would not take over any concerns until it could assure its citizens that it would be able to do so with advantage, but not necessarily pecuniary advantage; there are many other advantages to be considered.

4631. So far I think municipalities have only taken over such matters as gas and water and tramways, which are applicable to the town itself?—Yes.

4632. But you contemplate their proceeding a great deal further than that, and entering upon the business of manufacturers?—I should have no objection; they do already carry on manufactures.

4633. Yes, there would be no taking over any one industry there?—That would depend.

4634. Would they start for themselves?—That would depend upon circumstances; it is conceivable.

4635. Are you contemplating them doing that?—That is desirable; for instance, if the London County Council, as is very probably the case, decides to make clothing for its own public servants; probably it would start a clothing factory of its own.

Mr. *Bolton*—continued.

4636. You referred to Manchester yesterday, making its own bass brooms?—That is a small instance.

4637. You say the profit would be there so ridiculously small, that it would attract no attention; but have you contemplated the possibilities of this process being so much extended that the rates might be called upon to contribute to the loss to a large amount. You said, I think, that you contemplated with equanimity the rates rising to 20*s.* in the £?—That is, providing it was for public services, which the community thought worth that.

4638. Precisely. Then do you think that you would contemplate with the same equanimity losses from industries into which the municipality had entered to the same extent?—I should be prepared to leave that to the extremely hard headed citizens of our northern towns, being quite confident that whatever they undertook in the way of municipalisation at any particular moment or place, they would be able to justify to their citizens.

4639. You think, then, that the increase of rates would put a stop to those things if they were proceeding injudiciously?—Yes, I think so.

4640. Now you have also advocated, I think, the acquisition by the State of the railways of the country?—I have not specially advocated that. As a matter of general politics I should be in favour of it.

4641. What advantage would the public, in your opinion, derive from that?—I think the public would derive the inestimable advantage of having the great army of railway servants working proper hours instead of excessive, and, in my mind, the criminal hours they now work.

4642. By what means would the State acquire these railways?—I think probably the State would take over the railway stock in some form or another.

4643. They would pay the value in fact?—Yes, I believe the proposal which is now embodied in some Act of Parliament gives power to the Government at any time to take over the railways at a price which is therein fixed.

4644. Ten per cent?—I do not think it is quite so much as that. At any rate we should probably take them over under the Lands Clauses Consolidation Act.

4645. And pay their value?—And pay their value.

4646. Then, as a matter of course, having taken them over they would pay not only, perhaps, higher rates of wages which the present railway companies pay——?—If the present railways are, as I understand from you, not paying even the moral minimum wage, I think probably the Government would pay that moral minimum wage.

4647. You must not understand that from me; on the contrary, I think they are paying a very high rate of wages, but still they would pay at a higher rate of wage according to your system, because I presume they would immediately adopt the eight hours a day?—Yes, the result of the introduction of an eight hours

Mr. *Bolton*—continued.

day into the railway system would really involve a rise in wages to railway servants, and I think the State would have———.

4648. It would involve a greatly increased labour expenditure on railways?—Yes, it would involve that.

4649. You will not, I think, assert that a porter who only works eight hours will produce the same amount of work as if he works twelve?—I agree.

4650. That remark is, I think, applicable to most classes?—Yes.

4651. Then that would practically add, supposing the present day is twelve hours, 50 per cent. to the labour bill?—I think it might add something of that kind.

4652. Then who would suffer from the loss?—I do not think it is likely that the public would take over railways with their excessive hours of labour already condemned, as it seems to me, by public opinion, without requiring the railways in some way to reduce those hours of labour, or make an allowance for them in the purchase price. They would be in the position of a man who had an insanitary house, who would be required either to put it into good condition before selling it, or else suffer some abatement in respect of his neglect of it. That would be the case if the railway companies are employing their men for so long hours.

4653. You do not contemplate the Government taking the railways until you have forced them down to be valueless?—No, that is not my scheme. I say only if the railway companies employ their men for a longer period than the community think proper, the community might fairly ask that an allowance should be made for that, before they are requested to take over the companies.

4654. I did not make any such statement?—I beg your pardon. Then in that case if they are not employed for too long hours, as I understand, there would not be an increase of 50 per cent. in the wages bill.

4655. I said 50 per cent. in the wages bill, assuming that the present hours of working averaged twelve and that the future hours were to average eight?—I beg your pardon; there would be of course an increase if they adopted the eight hours day as compared with the present system.

4656. Now you have suggested that if a Factory Act of some kind were applied to the East London industries the result which we have seen in Lancashire might be seen in the East of London. To what industries do you refer when you say that?—Very largely to the clothing and furniture trades.

4657. Is it in the clothing and furniture trade just now that there is so much outcry from the unemployed?—I believe not.

4658. Then there is a very large number of men at the docks hanging about there, is there not?—Yes.

4659. Then would you apply a Factory Act to that class of industry?—Not at all, that is another case which I have not included. I do not think it is possible to remedy the ills of East London by one thing alone. I think home work is one of the potent influences of the demoralisation of East London that could be remedied by an effective Factory Act; but the other cause is the casual labour which has been attracted to the Docks hitherto, and that would require another method of treatment.

4660. You have not suggested that method of treatment elsewhere, have you?—I think the municipal organisation of labour at the Docks would go far at any rate to stop the continuance of the existing sore.

4661. Do you adopt Mr. Mann's suggestion as to the creation of new docks?—I am very much attracted by his notion of centralised docks, but of course that is a question for engineering experts, and we have spent a great deal too much on our docks already.

4662. You have not made up your mind on that point, you do not wish to express your opinion perhaps?—No, I think it is an engineering question, and I should be loth to say more than that I am very much attracted by the idea.

4663. You have expressed a very strong opinion in favour of the prohibition of work being given out?—If I may say so, not quite the prohibition, but the regulation and the discouragement of giving out of work. I think it would be almost impossible absolutely to prohibit it at this moment.

4664. But would you prohibit it if you could in any case?—I should like to see the system cease, but I do not see my way at present to framing any Act of Parliament which would prohibit absolutely without giving rise to individual hardship.

4665. When you were giving evidence in chief, I thought you were referring exclusively to work being given out by principals who did not themselves possess factories?—That is a very large class of cases.

4666. You object to work being given out by factory owners?—Yes.

4667. Now would it not be extremely unjust to prevent a female worker, for example, taking home from a factory at which she has worked the usual number of hours, some of the work she has been doing there if she chooses, and to perform work upon that article in her own home if she can do so conveniently?—I would say that the question of justice in such a case is one which we had to decide about 60 years ago, in the case of the first limitation of the hours of female labour, and the community decided, as I understand, that it was just to prevent a woman working beyond what the community thought a proper number of hours.

4668. Let me give you an illustration of what I mean. I know a mill at present where there are a number of sewing machines driven by steam, each one of those machines is worked by a woman, and that factory cannot run more than a limited number of hours?—You mean it is forbidden by law?

Mr. *Bolton*—continued.

4669. Yes, the Factory Act prevents. The women to my knowledge did (I do not know whether they do so still), a long time ago take home work, or a certain proportion of that work, and work it upon machines which they drove themselves. Now that you would prohibit, I understand?—That appears to me to be an evasion of the Factory Act, and I should think the Commission would probably wish to report that to the Home Office in order if necessary that the law might be amended so as to carry out the intention of the existing Act.

4670. Why do you contend that?—I suggest that the intent and spirit of the Act was that it was not desirable in the public interest that any woman should be compelled by economic circumstances to work more than a specific number of hours per day.

4671. At her own particular trade?—At her own particular trade at any rate.

4672. Not in the factory?—The law only applies to the factory, but it appears to me to be an evasion of the spirit of the law which probably Mr. Asquith would be glad to have notice of.

4673. Then would you actually prohibit that woman after she has worked her number of hours in the factory from doing any other labour for profit?—No, excuse me, I have not proposed that at all.

4674. What is your opinion on it?—I would endeavour to protect her from having to be compelled to do it.

4675. She does it herself. She is not forced to take it. She takes it voluntarily because it suits her interest. She prefers to do that work to spending the time idly or doing something else?—That appears to be an argument against the whole system of Factory Acts.

4676. As applied to adult women? — As applied to adult women.

4677. Quite so?—I do not think I have any special views on that.

4678. Now a few words with respect to the eight hours' day. You, I think, admit that in some trades at all events, the eight hours' day would increase the price of production?—I have suggested that in the case, for instance, of railway traffic staff, the experience of the adoption of the shorter day has shown that it has increased the cost of the service, I think. That would happen in a few other cases.

4679. Would it not happen, for example, in the clothing trade?—I am not able to say that at all. I believe that it is a moot point, whether regulated hours in a good factory involve a larger cost of production of clothing than unlimited hours of labour in the homes.

4680. Then where it did not increase the price of production, through the labourers being able to produce the same quantity in the shorter hours as in the longer hours, there would be no increasing demand for labour? — Quite so; except whatever might follow from the indirect effect of the raising of the standard of life of the workers, which I again insist must be the main object kept in view in all these things.

Mr. *Bolton*—continued.

4681. You might raise their standard in one sense, but preclude them from deriving any advantage from that raising in another sense, because I think your view is that you would prevent them working during their 16 hours?—No, excuse me. I have not expressed that view.

4682. You expressed it with regard to adult women?—No, excuse me again. I only say that the Factory Act does at the present time contemplate that a woman shall not be kept at labour for more than the specified number of hours. But I suppose it is a matter of common knowledge that women unfortunately do work very much more than that at their domestic duties.

4683. We do not quite agree about what the Factory Act does. I think it prevents women working in factories, but it does not prevent them working any more than that number of hours. But assuming for the moment, if you please, the possibility that reducing the rates would increase the cost of production?—And I think that is true in a few instances.

4684. Then where it does increase the cost of production, do you say there would be a probable diminution in the demand for that production?—No, that I am not able to admit. For instance, you have the actual case of the railway companies; you have had the hours of labour reduced during the past two or three years, with the result, as I understand, of taking a large number of persons into employment, and of increasing their wages, but I do not think there has been any falling off in the demand for railway services.

4685. Would that apply, for example, to a cotton mill?—No, but then I have no presumption that a reduction of the hours of labour would involve any increased cost in a cotton mill.

4686. But you would not admit that any manufacturing interest would suffer in that respect?—I should be sorry to be unable to answer simply, but it appears to me impossible to give any general statement with regard to the economic effect upon those industries. It is a matter for examination, trade by trade, and it would differ from one trade to another, perhaps as much as it does going from the railway service to the cotton mill.

4687. Will you go this length, that where the price was increased through the effect of an eight hours' day the cost of production would be increased—where the eight hours' day had the effect of reducing the production the cost of production would be increased?—I think, other things being equal, that would probably be the case.

4688. Will you admit also that where the cost of production is increased the probability, at all events, is that the demand for that article will be reduced?—Subject to this, that it depends upon whether the price is put up. The only thing that operates upon the demand is, as I understand, the raising of the price. In the case of the railways, although there has been an increased cost of working, there has been no raising of prices, as far as I know, and

Mr. *Bolton*—continued.

therefore there has been no diminution of the demand. In the case of the other industries, there might and might not be a raising of the prices, because the prices are not necessarily fixed by cost of production, but rather with some relation to the effect which they have upon demand.

4689. Surely the prices depend upon the cost of production?—No, there are many exceptions. Just as the price of the railway traffic does not depend upon the cost of the production, but also upon the railway being well managed, to secure the greatest possible profit to the shareholders (it may be by penny fares). The Standard Oil Company in America, got more profit by reducing their oil from 12 cents to 6 cents than by keeping it at 12 cents, irrespective of the cost of production.

4690. Then the producer of calico, for example, you think, is in the same position as the owner of the railway?—I should not like to say in the same position.

4691. In a similar position?—I think Messrs. Horrocks, of Preston, for example, are in a similar position. They have been making enormous profits without any corresponding alteration in the prices.

4692. Have you any acquaintance with the result of their business?—I have some general knowledge of the result.

4693. Recently?—Yes. Of course I have not their profit and loss accounts.

4694. You have referred, I think, to the effect of the eight hours' day in Australia?—Yes.

4695. Have you any reason to suppose that the result of the experiment there has been quite satisfactory?—I believe the Australian workmen are satisfied with it.

4696. I saw the other day that there were very many thousands of workmen out of employment in Victoria. Do you think that they will be satisfied with it?—I believe that they are. I have not heard of any desire on their part to lengthen the hours of those workmen who are in employment.

4697. Have not you heard of desires on the part of workmen in Australia to depart from the present state of matters at all?—No.

4698. That is to say, to set themselves against the unions in Australia?—No, I do not think I have.

4699. Nothing in connexion with the Broken Hill Mine?—I am sorry I do not know the facts as to that, but, of course, I do not mean to assert that the Australian Unions have been right in everything that they may have done. I am simply unacquainted with the circumstances.

4700. You made a statement, and I think you repeated it, which struck me very much. You said that there are a class of workers in England whose pecuniary position during the last 50 years has not improved?—As a class, yes.

4701. What class is that?—I refer to all the large class of workers who are now at or near

Mr. *Bolton*—continued

about subsistence level. For instance, we have in London at least 300,000 people who live in a state of chronic want, and I suggest that that class could never have been worse off. The subsistence level may be taken as fairly constant from time to time. That is a type of what I mean.

4702. Are you prepared to affirm that relatively to the population of London the mass of people in that state is greater now than it was 50 years ago?—No, I have not affirmed that. I have no reason to believe that, and I should not assert it positively, but its total number has not diminished, that is to say, that the class which was at subsistence level in 1842 has remained upon our hands, and, I hope, upon our consciences, ever since then undiminished in numbers. It is true that the aggregate population of London has gone on increasing, and the aggregate wealth of London has enormously increased; but those facts do not appear to me in any way to diminish our responsibility, or, if I may say so, our guilt, for having allowed this vast class to remain undiminished, but, to me, as it appears, rather to increase our responsibility.

4703. That is the class to which you refer, then?—The class which is at subsistence level, or nearly subsistence level, is one of the few classes where you have some level of comparison. We know, as a matter of fact, that they cannot have been appreciably below subsistence level even in 1842 or they would have died out, and that, therefore, if we find large sections of people at or below that subsistence level to-day we may know that the class cannot be any better off than the corresponding class 50 years ago.

4704. Then do you mean that the earnings to-day of these people are absolutely less, perhaps, by a third or half than they were 40 or 50 years ago?—No, I have not said that. I have only said that the amount of subsistence they are able to get is not, in effect, more than the amount of subsistence which the corresponding class got 50 years ago.

4705. If I do not mistake what you did say it was that their pecuniary position was worse than it was 50 years ago, or had not improved since then. Do you mean by that that their wages now are less or as much as they were 50 years ago?—What I mean is that their average earnings per week, minus the amount paid for rent, does not come to more than the average earnings, minus the amount they then paid for rent in the corresponding class 50 years ago.

4706. That is your statement, is it?—That is my inference from the fact that there is such a class, as Mr. Charles Booth tells us there is, living in chronic want.

4707. Then, their earnings being the same now as they were 50 years ago, is not their pecuniary position very much better than 50 years ago?—No.

4708. Will not the money which they possess provide them with a much larger amount of the

Mr. *Bolton*—continued.

necessaries of life than was possible 50 years ago?—No, that is not the case; that is the case with the middle-class man and the case with the upper-class man, but not the case with the person of subsistence level. In speaking of the earnings in large cities, generally the proportion paid for rent is such a large proportion of the total earnings that, though the earnings may even have increased in amount, it has far outweighed in that class the advantages gained by the reduction in the price of bread.

4709. I thought you said just now, perhaps I mistook you, that after deducting what they paid for rent now as compared with then, the earnings were not more 50 years ago. Then I asked you whether with that they are not pecuniarily much better off than they were 50 years ago?—Excuse me, I did not know that I was granting that. My point is that their net earnings, deducting rent, are not greater than they were then, and are not greater than then measured with the amount of commodities which they would purchase. I am sorry if I have made myself misunderstood. I was accepting Mr. Charles Booth's position that these people were at, or below, subsistence level, and lived in a state of chronic want, and I suggest that the corresponding class cannot have been lower than that, as regards the essentials of life, even 50 years ago.

4710. Is there any other class which, in your opinion, comes under that category?—I think there is a corresponding class in several of our great cities besides London. I think the fact, for instance, which is revealed by the present census, that about 120,000 persons in Glasgow are living in a single room per family, being 33 per cent. of the whole families of Glasgow, seems to indicate that probably nothing like so large a number of persons lived in a single room 50 years ago in Glasgow as is the case to-day, though the proportion of the total population would be less.

4711. Do you know Scotland well?—I have been there.

4712. Have you been living there?—I have stayed some weeks in Glasgow.

4713. You are not aware of the fact that amongst the lower working classes in Scotland there is a preference for one-roomed houses?—I am not aware of that fact; but it does not alter the evil of the habit.

4714. You do not know the reason for that, of course. I am not quite sure where you stand now with respect to that suggestion of yours that the Home Secretary, as I understood you to say, or some other body, should have power to control the hours of work. Yesterday I understood you to fix upon the Home Secretary, and to-day I rather think you are inclined to leave or place that power in the hands of municipalities?—May I explain. With regard to the services which are essentially local in their nature, such as shops and tramways, it has always appeared to me that it would be convenient to decentralise by leaving the authority in each town power to pass byelaws, following the precedent of some of the American States and the Australian Colonies, to fix the maximum hours of labour. I should wish to limit that very strictly to such local services as the tramways, and other exceptional cases which I have mentioned. With regard to the other industries of the country, which come under the Factory Acts, and which ought to come under the Factory Acts, I should wish in any further extension of the Factory Acts, such as a further limitation of the hours, that the Department administering the Factory Acts should also administer this proposed power in the additional Acts.

4715. But that would not cover all the ground?—In the case of railways, for instance, if it is considered desirable that they should remain subject to the control of the Board of Trade in labour matters, I have no objection in principle to the Board of Trade dealing with them.

4716. What do you say about shipbuilding?—As to the case of shipbuilding, shipyards come under the existing Factory Acts owing to the employment of power, and they would I presume, be dealt with in the same manner as the other industries under the Factory Acts, but if there are any cases of shipbuilding where power is not used, then I think it would be quite proper so to amend the Factory Acts as to include them within their scope with appropriate provisions, but in my experience of shipyards they generally seem to use power.

4717. Then, does your suggestion amount to this, a new Factory Act?—Yes.

4718. Then, is that new Factory Act to be interpreted by the Home Secretary, or to be extended or limited to the action of the Home Secretary, or what?—My proposal is that the Home Secretary should have power given to him to make an order under the new Factory Act, in the way analogous to the manner in which he makes an order under the existing Factory Acts.

4719. I thought you had departed from that somewhat as to the hours of work?—That is what I meant.

4720. I thought you departed from that to-day, and suggested that that power should be given to local authorities?—I do not wish to make it any question of principle. It appears to me a possible alternative, and as I think, a better method of providing for the exceptional cases of shops and tramways which I had not in my mind when I was discussing the administration of the Factory Acts. I have said in my book that the local authority should be allowed to make byelaws in respect of tramways, as the local authority does already with regard to the tramway service on other points.

4721. Then you would limit the interference of such trades as come under the Factory Act?—Yes, but I ought to go on to say that I should, of course, mean that any trades which do not now come under the Factory Act would, I presume, then come under the Factory Acts,

Mr. *Bolton*—continued.

unless, in the case of railway service, it was desired to deal with it in a different way.

4722. Your suggestion came in this fashion, I think; you were being asked whether you could make the legal eight hours' day absolutely prevent all work more than the eight hours in the day, and I think you took exception to that and proposed that there should be a dispensing power in the hands of the Home Secretary?—Not quite take exception. I should prefer to follow the model of the existing factory code, and in any extension or amendment of it, I should propose that the Home Secretary should have the power of issuing an order, as he already possesses the power of issuing an order on other points within the scope of the factory law.

4723. That is to say, if a locality applied to the Home Secretary to limit the hours of labour in that particular trade, he should have power to limit those hours?—I should be very loth to make it dependent upon locality, as I have already said, but in any particular trade, he should, after due inquiry, have power to make an order limiting the number of hours in that trade.

4724. How would that work. Take any trade you like which extends from one end of the United Kingdom to the other. You suggested yesterday that you should take action first to ascertain the views the people held in any different part of the country?—I think you would be able to take that action. It is possible, for instance, to arrive at some kind of conclusion as to the wishes of compositors. There are means of finding out what compositors wish, and he could at any rate satisfy himself whether there was a widespread desire for the limitation of hours. It would be possible to ascertain the number of hours which were actually worked, and he could satisfy himself whether those were in excess of what he thought desirable.

4725. Now we will assume that he has obtained all that information, and that he knows there is in any one part of the country a desire on the part of the workers to continue longer hours, and on the part of the employers too, would you then compel him to refuse that concession to those workers and employers if the majority was so large in favour of the shorter hours that, except for the objection on the part of the small minority he would limit the hours?—Yes, I would. It appears to me that in that case the hours of the trade cannot be settled by any individual, and they have to be decided virtually by the majority or by the minority. At the present time they are settled virtually by the minority of employers and the minority of the employed. The good employers are unable to shorten the hours though they wish. Those of the employed who wish to obtain the benefit of shorter hours are unable to get it, and in each case there is a minority of the employers who are not public-spirited enough to work the shorter hours, and a minority of the employed who wish otherwise or are ignorant, and it must either be the minority or the majority who decide. We have been, I think, under the minority rule too long now, and I would give it to the majority to decide.

4726. Supposing there was a majority of one, what then?—No, I do not propose that. That is a matter for the Home Secretary, in the exercise of his discretion, to come to the conclusion whether there is a substantial majority, and whether those figures and representations made to him show, there is only a majority of one, bearing in mind the margin of indefiniteness, which would lead him to be satisfied if there was a majority.

4727. Supposing he satisfies himself that there is a bare majority, which having satisfied himself that it exists, although bare, is he bound to put the law in force?—That would depend upon the provisions of the Act, but I should not be averse from that, because the alternative is that the minority should compel the majority to work.

4728. I have gathered from your remarks that you do not wish this enormous change to be worked out without a great deal of consideration, and that you wish it to be done gradually?—I believe the conditions of its possibility are only gradual, and that it can only be done step by step. We have already taken many of those steps, and we might well now turn our Ten Hours Law into an Eight Hours Law. The fact that it was being taken in hand with popular consent would probably indicate that the time had come at which it was possible to take place; that is to say, that I think the history of the municipalities for the last 50 years warrants my taking that view. That is my inference.

4729. During the last 50 years we have gradually come to shorter hours and to better wages, I think?—That is so.

4730. Why then do you wish for fresh law?—I only wish to continue the course of development which has had such good results during the last 50 years, during which we have had happily a succession of municipal socialism and factory Acts. I think the good steps should continue which have been taken during that time.

4731. You want an additional Factory Act because those in existence, numerous as they are, have not produced their results as rapidly as you desire?—They have not produced all the results in all the trades in all the districts in all respects that are desirable, because they were not expected to do so. They have produced good results, and so good has been their result altogether that we are all converted to their excellence, and I, at any rate, desire some more of them to do for London, for instance, what they have done for Lancashire.

Mr. *Courtney.*

4732. You do not object to overtime, and perhaps we might go on a little longer. What would be your attitude or mind towards the proposed limiting or prohibiting of municipalities

Mr. *Courtney*—continued.

making profits of the industries they undertake, and thereby levying an indirect tax upon the citizens?—I suggested that that would be an extremely inconvenient restriction to place upon the discretion of the municipalities. It might be desirable in some cases to obtain a profit from a public service. Indeed I cannot imagine how you could carry on an industry without making some profit or loss.

4733. Limiting was the word I used, but would you leave your municipality without any fetter?—I have seen no cause or argument calling for such a law at present.

Mr. *Gerald Balfour.*

4734. I understand your position to be that under a general eight hours' day, the increase of efficiency of the workers, arising from their increased leisure, would more than counterbalance the shorter hours worked by them?—If I had to give a general opinion, applying to all industries, that is what I should say, but I think it is very difficult to give a general answer.

4735. Nevertheless, you have also considered what would happen in the opposite case?—Yes.

4736. And your view is that if there was a diminished average of productivity per worker, the result would be to absorb the unemployed and to raise wages?—I would rather say that the result would be to transfer from casual and intermittent employment into regular employment a certain number of those who are now only partially employed.

4737. In that limited sense you think it would absorb the unemployed?—Yes.

4738. You have given the general form of your argument on page 107 of your book. Would you kindly turn to that. Not quite halfway down page 107 there is this sentence: "If the "reduction of hours resulted in a diminution "of the number of unemployed, who are "obviously now maintained at the expense, one "way or another, of the employed, the aggre-"gate product of the community might even "be increased," and at the bottom of the same paragraph there is this sentence: "Assuming "for the moment that the aggregate product "of the community does not fall off, there seems "no economic objection to the contention that "a limitation of the hours of labour might "re-distribute work." Are those sentences part of the same argument? I only ask you, because if they are, does not the argument travel in a circle? In the first sentence I quoted, you argue from the diminution in the number of the unemployed to the maintenance of the aggregate product, and in the second sentence you assume the maintenance of the aggregate product, and seem to argue to the absorption of the unemployed?—I am sorry that I am unable to see that that argument sets itself out in the form of a circle. It appears to me that the demand for labour comes from the aggregate product, and if the aggregate product is maintained, and there is a limitation of the hours of those who now work excessively

Mr. *Gerald Balfour*—continued.

it is conceivable that those who now work insufficiently might work more, and so you might get, without any diminution of the aggregate working hours, a re-distribution of the work.

4739. Yes, but which is cause and which is effect? If the maintenance of the aggregate product is necessary to the absorption of the unemployed, and you start with a diminution in the aggregate product, how do you get at the absorption of the unemployed?—No, excuse me, I think those are two different arguments.

4740. That is what I wanted to get at; and I asked you to tell me if those sentences form part of the same argument?—In my view they do not. I am sorry it is difficult to make myself quite clear on this.

4741. I was merely asking in order to know whether you regarded it as part of the same argument or not. But now which, as a matter of fact, do you start with?—What I start with is, that if you maintain the present aggregate number of working hours, there is no reason to suppose that the product would fall off in the aggregate, on the contrary I would even go so far as to say it would be increased, because I consider that overtime work is unproductive in many ways, and if you have the same number of aggregate hours of work, a limitation of hours in one case might lead to the absorption of the unemployed in another, and I have given actual instances from history where such an absorption has happened.

4742. But have not you assumed that the aggregate number of hours will be maintained. What we begin with is a diminution in the hours of those now employed. What reason have you to suppose that that will lead to a maintenance of the aggregate hours, or, in other words, to the absorption of the unemployed?—I am suggesting there, as mentioned slightly above, that the aggregate number of hours work done upon railways has, we may assume, remained the same, but it is spread over a larger number of workers; I am assuming for the purposes of my argument, that those recruits to railway service have come from, practically, the unemployed, in fact, indirectly if not directly.

4743. But that is to desert, as I understand it, the general argument, and to consider the case of each separate industry, and to ask whether, in the case of a particular industry, there would or would not be an absorption of the unemployed. That is a different, though I do not say it is not a legitimate method of argument?—That is the only method I have pursued.

4744. But looking at the matter from that point of view, do not you think there are industries in which the number of employed would be positively reduced by a reduction of the hours of labour?—I do not think that that would be the case unless the reduction of hours involved some positive injury to industries, as I think might possibly be the case in certain low type industries which only exist at all now because the workers are

Mr. *Gerald Balfour*—continued.

obtained at starvation wages and unlimited hours, but in that case, it appears to me, not to affect the argument much, and I think there would be no diminution in the number of workers in any important industry.

4745. I do not know quite why you think that does not affect the argument, if by the fact of such an injury a number of men were thrown out of work. It surely does affect it, because thereby the number of unemployed would be increased?—That is so, but I apprehend, as we are arguing pure abstract economics, one may assume that the capital which has hitherto supplied the instruments, and the materials with which these persons have worked would be diverted mediately, if not immediately, into some other direction in which there would be an increased payment for labour.

4746. Yes, but in the first place, in those decaying industries the capital employed is small as compared with the number of workers, and, moreover, a transference of capital implies a considerable dislocation of industry?—Quite so, but we are not now discussing any dislocation of industry. We are arguing economics *in vacuo* as it were, without any reference as to any question of dislocation.

4747. Not altogether so, now that we have deserted the general argument. Are not there a variety of causes at work which would tend, as a result of reduced average of productivity, to increase the number of the unemployed. There are some causes which would tend to absorb them. I believe you are perfectly right in saying that on railways, for instance, and perhaps tramways, an additional number of men would be drawn into employment by a reduction of hours, but are there not exactly opposite cases to that. There is one case you have mentioned yourself, that of low type industries, and would not the same be true also of particular establishments which now only just pay their way?—I think not, because we must assume that the demand for the particular commodity would remain the same, and that the extra commodity would be produced somewhere or another, and additional hands would be taken on even if the one particular industry disappeared. I have, for instance, suggested that it is at any rate economically conceivable that a mine, on the margin of cultivation, might have to go out of use if the cost of labour should have to be increased by a reduction of hours, but I apprehend that that would have no effect upon the production of coal, or upon the aggregate number of coal miners employed.

4748. Ultimately it might not have much effect, but immediately it might have a great effect?—We are now arguing illegitimately. I think, if we are arguing abstractly we must assume that the new arrangement will work as smoothly as the old.

4749. But now we are, as I understand it, considering the effect of the change as it would work in particular industries. We are no longer considering the purely abstract question, and, therefore time necessarily comes in as an important element?—Yes; I think I have stated as far as I can in my book the existence of both of these, and I have stated as my conclusion, whether rightly or wrongly, that I think there would be no net diminution of employment and that there might conceivably be even a net increase in the number of employed.

4750. The only exception you think is that of declining industries?—That is the only case of whole industries, but I have cited instances of establishments on the margin of cultivation.

4751. Have you allowed for these in your conclusion?—Certainly; I have mentioned them as in the case of tramways and of mines, at any rate.

4752. I suppose there might be cases of manufacturing establishments compelled to close?—There might be, but that is assuming, as we have done hitherto, that a reduction of hours causes a rise in the cost of labour, and that is an assumption which I should be sorry to make with regard to manufacturing industries.

4753. I have not stated explicitly what I had in my mind, but I was assuming that wages remained the same?—And that efficiency did not increase.

4754. I was assuming that throughout?—And that is an assumption which I am not able to make, that is, to allow that a reduction of hours at any manufacturing industry would raise the cost of production. Practically all the effects which I have been able to discover of a reduction of hours in the manufacturing industry have been that efficiency has not diminished with reduction of hours, but that the total efficiency has remained constant, or has even increased. I should be sorry to assume that it must always be the case, but I should think it would be equally illegitimate to assume the contrary.

4755. But are we not assuming as an hypothesis that efficiency was diminished ——?—No, I was not assuming that.

4756. When I say efficiency diminished, I ought rather to say that the output per worker is diminished?—I am unwilling to make that assumption in regard to any manufacturing industry.

4757. You maintain that, in no manufacturing industry, will the limitation of hours produce a less output per worker?—No, I have said that it seems to me impossible to make any deductive argument of that character at all, and if you examine such inductive instances as are open, you would obtain a presumption to the contrary effect.

4758. We are entitled to assume as a hypothesis, and I think we did at the outset of this discussion assume as a hypothesis that the average output per worker was reduced, your own view being that the opposite would occur in reality; but we assumed as a hypothesis that it was reduced, and I understood you to say that in that event the unemployed would be absorbed and wages would be raised?—No, I am sorry if I have been misunderstood, but in talking about the absorption of the unem-

Mr. *Gerald Balfour*—continued.

ployed I was referring particularly to those cases which were analogous to the railway industry. When you pass to manufacturing industries I am unable to make any assumption about the absorption of the unemployed. I will, of course, if you like, argue on the hypothesis that the aggregate productivity in manufacturing industries would fall off, although I do not believe it, but in that case it appears to me that possibly serious results might happen which we need not perhaps particularise. It depends upon the extent of falling off, which I do not anticipate will happen.

4759. I think you said that in all the industries in which the experiment has been tried efficiency was so vastly increased as to make up for the shortened hours?—That is the general result of the inductive instances.

4760. In that case there would be no absorption of the unemployed?—That is so, and I have not asserted there is, except such absorption as might follow from the indirect results of the rise in the standard of life of those workers whose hours are limited.

4761. So that if you are right in your contention we might omit manufacturing industries altogether, as having no bearing upon the problem of the absorption of the unemployed?—Yes.

4762. And it would come to this, that in such industries as railways and tramways there would be an absorption of the unemployed, and in certain other industries, which were hard hit by the reduction of hours, there would be an increase in the number of the unemployed?—That is so, but the case——

4763. There is therefore one result to set against the other?—Yes, but that is balancing the industry of the railway, with its hundreds of thousands of workers, against the industry of manufacturing penny toys in the East End, with its hundreds of workers.

4764. There is also the case of particular establishments which would have to be shut up?—I was not admitting that these instances on the margin of cultivation involved any increase in the number of unemployed at all. I think that the shutting up of a mill in Lancashire does not by any means indicate that there is a smaller number of workers employed in cotton spinning. It means that additional cotton spinning is done at another mill.

4765. Take the case of coal-mines. Do you say it would be possible to raise the same amount of coal as we raise now, if any considerable number of coal mines were closed?—That is departing from the hypothesis. We were only considering the number of mines on the margin of cultivation, and by hypothesis they amount to one.

4766. But surely there is more than one mine on the margin of cultivation?—I should say that the absolute margin of cultivation is but one field of wheat, one establishment.

4767. But surely as practical men we must assume that there may be a good many establishments in the same position?—No.

Mr. *Gerald Balfour*—continued.

4768. If not on the absolute mathematical margin, at any rate somewhere near it?—No, I cannot make that assumption, because I do not admit that the efficiency will fall off. Of course if this were a purely abstract argument, and if we were not talking as practical persons, I might conceive that a serious increase in the case of labour might have an effect in dislocating industry, by shutting up a number of mills which were inferior in situation and advantage, but that hypothesis appears to me to bear no relation to the probable effects of an eight hours' day.

4769. There are certain special cases which I think must be taken into consideration, besides that of these decaying industries, and that of establishments or mines on the margin of profitable working. Let me put to you a particular case in a particular industry. The miners in Durham and Northumberland amount altogether to something like 90,000. Now the evidence given before us is almost unanimous to the effect that it would be impossible to work the majority of mines in these districts profitably, if, by a reduction of the hours to eight, you were to destroy the double-shift system?—Do you remember whether any single witness was asked whether it would be possible to have a three-shift system, which is already at work in many Durham mines?

4770. Yes, the question was thoroughly gone into?—And are you satisfied on that?

4771. It was declared to be impracticable?—Although it is actually in operation in many of the mines in Durham.

4772. In a few mines in Durham, and even in them, I am told that the hours worked are as long as in the two-shift system?—That is not the argument. The argument is whether if you had a three-shift system in the Durham mines the industry would be destroyed.

4773. We have been assured that a three-shift system in Durham and Northumberland would be impracticable, but we need not go into that I think?—No.

4774. If the witnesses who have appeared before the Commission for Northumberland and Durham are right, in believing that their industry would risk being destroyed by the introduction of the eight hours system, is not it necessary to admit that that alone would constitute a very serious argument against your contention?—I do not understand that Mr. Burt or any other Northumberland or Durham man with whom I have talked, thought that the mining industry would be destroyed if they had an eight hours day. All I have understood from them is that the men rather dislike going down at five o'clock in the afternoon.

4775. I understand that it is asserted that a very large number, at all events, of mines in those districts, cannot be profitably worked except on the double-shift system?—Or the three-shift system.

4776. It is said that that is impracticable?—But it is already actually in successful operation. Mr. Burt in his questions did not

Mr. *Gerald Balfour*—continued.

place the objection to it any higher than a desire to avoid going down at five o'clock in the afternoon. I should be loth to believe that it would be possible absolutely to abolish the mining industry of Northumberland and Durham by an eight hours law, and I have not observed any great anxiety in the owners of mines and the owners of mining royalties at the mere prospect of the passing of a mining Bill.

4777. They probably think their case is so strong that there is no fear of it?—It may be that they think so, but generally the Stock Exchange is more sensitive.

4778. Now wages, you think, under the conditions which we have been assuming, will rise?—I have suggested that as a possible result, but it will be observed that I did not lay any stress upon that as an immediate result. My own view is that the shortening of the hours of labour could be carried into effect in a reasonable way with very little economic change beyond the shortening of the hours itself, which would in itself, as I believe, have a beneficial effect upon the standard of life and so tend to economic improvement. And I should not desire to suggest that the obvious result of the shortening of hours is a rise of wages, though of course I do not imply the contrary.

4779. Do you think, supposing it did result in a rise of wages and increased cost of production, that there would be no reaction?—I must beg to be excused from assuming that a rise in wages would mean an increase in the cost of production.

4780. Well, it need not necessarily be so, if there is a corresponding increase in efficiency. Assuming that, as a matter of fact, the cost of production was increased and that that encroached upon profits, do you think there would be no reaction?—You mean no tendency for a slackening in the accumulation of capital?

4781. Quite so?—I do believe that. I believe the better opinion now is, at any rate it is my own opinion, that the rate of accumulation has very little indeed to do with the rate of interest. I think that the other influences on the accumulation of capital are so potent, compared with the rise or fall of the rate of interest, that there would be comparatively little result and indeed partly a result in the reverse direction.

4782. Do not you think it would have the effect of sending capital abroad if there were any serious diminution of the rate of interest?—The only possibility of capital flowing abroad in any increased amount would be if the gap in the rate as between England and other countries were widening. It is possible that we might make an advance in our factory legislation at no greater rate than other countries are making advances in their factory legislation. And although they began later nevertheless the fact that the gap is not as a matter of fact widening, but positively narrowing, appears to me to counteract the idea that there is any practical danger to our industry going abroad from this cause.

Mr. *Gerald Balfour*—continued.

4783. Has the rate of interest abroad fallen more quickly than in England?—I am not aware that it has. I have not the figures with me.

4784. Let us put it in this way, would you admit that if universal reduction of working hours to eight were likely to produce a serious diminution of profits, that would be a consideration which would have to be carefully faced before legislation was attempted?—Certainly, as it has had to be faced on every previous limitation of hours by legislation, and it has usually been faced and overcome and proved to be fallacious.

4785. Proved to be fallacious?—In the result. That argument which, of course, it is quite proper to bring forward, has been brought forward on each successive limitation of hours and restriction upon industry in the past by those employers and those economists who were afraid that any new restrictions would seriously affect profits. We remember Nassau Senior's classic "last hour," upon which he said that the whole profit depended, and in each case the Legislature did consider that and did face it and did pass the law, and then, very shortly after the law was passed, it did become, I think, the unanimous opinion both of economists and of employers that the results anticipated had not occurred.

4786. Partly because in each case there was an increase in efficiency, was there not?—The causes were complex but the ultimate result was that there was a rise in the standard of life of the community concerned.

4787. Does it amount to more than this, that, as a practical consideration, you do not think the question of diminished profits is of sufficient importance to cause us any very serious anxiety?—Yes, that is what I believe.

4788. The causes to which you were just now alluding, and which prevented profits as well as wages from falling, were to some extent at all events independent of the question of the reduction of hours? — No, I think they were in intimate connection with it. I believe that the prime factor in the efficiency of our industry is the standard of life of our population. I believe that the salvation of Lancashire has been the Factory Acts and their effect, with other things, in raising the standard of life of that population. I believe that if we could have as effective Factory Acts for East London as Lancashire has for its industries, we should effect as marked a rise in the standard of life in East London as has been effected in Lancashire, with of course the same increase in the efficiency of the work.

4789. I hope that the reduction of the hours would have that effect, of course; but in the previous instances to which you have referred I think you said that the causes which prevented a fall in wages had been very complex?—Yes.

4790. And, therefore, not to be confined entirely to increased efficiency?—I think the great majority of these causes fall within that very complex entity called the standard of life.

Mr. *Courtney.*

4791. Has the prevalence of piece-work in Lancashire had anything to do with increased efficiency?—I am not able to give an opinion. Piece-work prevails in East London industries to an analogous extent, without bringing about the results of Lancashire.

Mr. *Bolton.*

4792. There is improved machinery?—That in itself, in my view, is the result of the Factory Acts to a very large extent, and furnishes an important argument on my side.

Mr. *Courtney.*

4793. Is there any connexion between the prevalence of piece-work and the increased efficiency?—As a matter of fact, I do not think that piece-work is so characteristic of Lancashire as all that. It is often commonly assumed that Lancashire is a textile community; but it is also one of the main centres of the engineering trade, and its engineering industry is analogous in importance to its textile industry, and in Lancashire that is in the main not a piece-work trade. On that hand piece-work prevails in many other localities where no such advance has taken place.

Mr. *Gerald Balfour.*

4794. 1873 was one of the periods you referred to when a reduction of hours of labour took place?—I think it was 1875 with regard to textiles, and 1872 with regard to the engineering trade and most of the artisans.

4795. That was a period of very good trade, was it not?—Yes.

4796. The economic conditions were extremely favourable at that time, were they not?—Yes, but they were followed by the extremely bad conditions of 1879, when the unemployed went up to a percentage which I believe has never since been reached, and the aggregate conditions of that period of ten years following 1874 were much worse than the aggregate conditions of the period since 1884 to 1892.

4797. During that period wages fell heavily, did they not?—Yes, wages fell in 1879.

4798. Now do you think that if the workmen of this country believed that the effect of a general eight hours' day would be to reduce wages they would be in favour of it or against it?—I do not think they would be in favour of it.

4799. You do not think it?—I do not think the average working classes would be in favour of a reduction of hours with any serious reduction of wages, though particular localities and particular individuals are in favour of it even at that cost, and I think rightly so.

4800. And do you believe the majority of the working men of the country would be in favour of a legal eight hours' day if they thoroughly realised that all overtime would be forbidden?—I think so. There is a curious evidence of that, for instance, with regard to the Paris workmen quoted in my book. The vast majority of those who petitioned in 1890 for an eight hours law, in reply to an inquiry from the French Bureau of Labour, specifically said that they meant no overtime. A small minority of those who petitioned said that they desired it with overtime, and I think that is a very typical case.

Mr. *Gerald Balfour*—continued.

4801. Do you think the workmen represented in the Trades Congresses are really fully alive to the fact, that an Eight Hours Bill, universally applied would mean that no overtime was to be permitted under any circumstances, except circumstances of grave emergency?—I really should not like to say that because I do not think that is quite a fair description. All our existing Factory Acts have had appropriate clauses relating to occasional overtime, and what the workmen objects to is not occasional overtime but systematic overtime. I think they do thoroughly realise that systematic overtime would be impossible.

4802. Am I to understand from that that the kind of legislation which they contemplate is legislation in which occasional overtime would be permitted, otherwise than in cases of grave emergency?—I think they desire that appropriate clauses should be included, but that systematic overtime should be in all cases excluded. It is difficult to give a general answer, because the answer would vary with different emergencies. At the present time overtime is absolutely forbidden in cotton mills driven by steam in which women are employed. There is no exception whatever.

4803. Your opinion, that even if an eight hours day were not to be established in all industries, nevertheless there are certain industries in which it might with advantage be applied?—Yes.

4804. Coal mining is one of them, I think?—Yes.

4805. The view commonly held is that an eight hours' day would raise the price of coal?—I believe that view is very generally held. I do not feel sure myself about it, but I have not felt able to withstand the arguments of those acquainted with the industry in favour of that result, and I do not wish to offer any opinion of my own upon the subject beyond that.

4806. Now if it raised the price of coal the loss would fall largely upon the working classes themselves, who are among the consumers of coal?—Yes, the working classes are a small proportion of the whole of them.

4807. They use a small proportion of the coal now consumed?—I think so.

4808. You mean the larger proportion of it is used in industries?—Yes.

4809. So far as the price was raised to consumers, a legal eight hours day for miners would mean that Parliament was helping a particular industry to tax the community, would it not?—Yes, that is my argument in favour of effecting that change by Act of Parliament, and thus securing the nation's assent in opposition to those who recommend miners obtaining a shorter day by trade union action which appears to me analogous, economically, to a coal ring.

Mr. *Gerald Balfour*—continued.

4810. Quite so. You think in a case of that kind Parliament ought to have a voice, as representing the community at large?—Yes.

4811. I see in discussing this question in your book you speak of coal as being a prime necessity, and one of which the price consequently is very easily raised?—Yes.

4812. But it is also true, is it not, that any serious rise in the price of coal would affect the prosperity of the industries in which coal is largely used, the great iron and steel industries for instance?—I am not able to estimate to what extent the price would affect their prosperity. It would cause a change, possibly a fall in profit, possibly a rise in profit, but I am unable to say to what extent.

4813. If those industries were seriously affected there would be a reaction would there not, and a lessened demand for coal?—Yes.

4814. Now another special trade with which you deal is that of shop assistants?—Yes.

4815. And I gather you think their case can only be dealt with by early closing of shops?—Yes.

4816. Would not the universal early closing of shops cause very serious public inconvenience?—I think not.

4817. You mean you think shops could be closed all over London at 7 o'clock, or 8 o'clock, or 9 o'clock, without serious inconvenience to purchasers?—I would even go that length, although I am not proposing that that should happen.

4818. But you would be prepared to adopt early closing then, even if it caused considerable inconvenience to the purchasers?—Yes.

4819. For the sake of those who were employed in the shops?—Yes.

4820. The general tendency of all such legislation is rather to consider the interests of the producer than the interests of the consumer, is not it?—No, I should not admit that. My object is to raise the standard of life of the whole community, and I assume that every member of the community is a producer. I have not considered what effect it would have upon those members of the community who were not producers.

4821. May I put it in this way; is not the tendency of all legislation of this character to regard the interests of the producer *quâ* producer?—I would rather say that the tendency of that legislation is to attempt to stop the evils which affect the producer *quâ* producer.

4822. Even if these evils can only be stopped at the cost of grave inconvenience to the community?—Yes, or only allowed to remain at the cost of the continuance of the evil.

4823. Now I believe that there is an Early Closing Law in Victoria. Do you know how that has worked?—I have no personal knowledge of it. There is a matter of dispute as to that. There have been very few prosecutions, I believe, under it, but I think also that the moral effect of the law has been considerable, although it had not been rigidly enforced in the courts of law

Mr. *Gerald Balfour*—continued.

4824. Would not it be true to say that the law is practically inoperative?—That is not my information, except in a sense that a statute which is seldom referred to in the Courts may be said to be inoperative. I should be sorry to say, for instance, that the law against Sunday work was inoperative in England, although there are very few prosecutions under it. One great object of the law—indeed, perhaps its greatest social function—is to form and to educate public opinion.

4825. But the law, as a law, is almost a dead letter is it not?—No, I am not able to admit that. If it has in any way secured the closing of shops I think it is a very effective law.

4826. Has it secured the closing of shops at the hour contemplated by the law, or merely had a general effect in leading to earlier closing?—I am told to a large extent it has secured the closing of shops at that hour, but I have no exact information.

4827. In the case of shops would you leave it to each locality to determine whether the shops in that locality were to be closed or not?—I have suggested that in that respect I would follow the precedent of other Acts.

4828. I do not know if you have thought of the exact machinery by which your object is to be arrived at?—I have not any particular proposals to make. The machinery of the town clerk, which is used in the Victorian law, appears to me to be a good one.

4829. Is there a vote taken amongst the shopkeepers in a particular district?—Yes, in a particular trade.

4830. In a particular trade or particular district?—In a particular trade within a particular district.

4831. It does not apply to all shops, whatever may be the character of the goods which they sell, does it?—There is a general rule that all shops other than those referred to in the schedule, and other than those which are authorised to remain open by a byelaw made by a town council, shall close at a particular hour. The town council has power to exempt trades that are not mentioned, and has also power to add to the closed trades those trades in the schedule under certain provisions for ascertaining the wishes of the majority af the shopkeepers in those trades.

4832. Then in Victoria the presumption is in favour of early closing, but exceptions may be made on a vote being taken and the exception is determined by the majority of a particular trade?—That is so, except with regard to the specific industries which are I may say mainly public victuallers where the presumption is in favour of their being open.

4833. I think in the Bill which was brought forward by Sir John Lubbock there were certain exceptions made?—I believe so.

4834. Do those exceptions include licensed victuallers' premises and provision shops?—I believe so, and one or two trades of an analogous character in that respect.

Mr. *Gerald Balfour*—continued.

4835. Do you not think that if other shops were closed at a comparatively early hour, while tobacconist shops, provision shops, and public-houses remained open, a larger proportion of the wages of the working classes would be spent in the latter?—It is possible, I do not think it is probable, but upon that point I should like to hear the actual experience of Victoria, which could easily be obtained by the Commission.

4836. Now one or two questions with reference to the method by which you desire to see an eight hours' day secured. You do not think trade union action a satisfactory method, do you?—Not in all cases.

4837. Do you object to trade union action because you think it would be inefficient?—I object to it, so far as I do object to it, partly because it is efficient only in those trades which are strongest, rather than in those which are weakest, and therefore, as it seems to me, need help most, and also I object to it because it appears to me to be a costly and violent method of action as compared with the peaceful and constitutional course of altering the law, and also because it has no necessary reference to the well-being of the community as compared with the particular trade.

4838. Do you think it would be possible altogether to eliminate strikes in connexion with this eight hours question?—Oh no, not at all.

4839. Would it be possible by any legal enactments to withdraw altogether from the employers any voice in the decision as to whether an eight hours' day should be adopted in any particular trade?—Of course it would be possible, but not reasonable, nor as I should think right.

4840. You think that the employers have a reasonable claim that their voice should be heard in the matter?—Certainly. And there is another reason, that is that I should wish to take them into consultation to know how the order could be best framed.

4841. And even if you were to attempt to exclude them, would it not be impossible practically to prevent them from raising the wage question on the question of reduction of hours being raised by the workers?—I doubt that. At any rate, the onus would be put upon the employer, and in such a matter the onus is of very great moment.

4842. Yes, but if the employers were excluded by law from having a direct voice in the question of whether the trade should adopt an eight hours day or not, would not it be exceedingly natural in them to retort, if the eight hours day were imposed upon them, by an immediate notice to reduce wages?—I think that is possible.

4843. And if a dispute between them and the workers resulted, would it be possible to separate the two questions one from the other?—I think so.

4844. You think it would?—It has been found possible, I think, in so many other cases.

4845 But the decision as to whether an eight hours' day should be adopted would necessarily be to some extent affected by the wages which the workpeople would earn in that day, would it not?—I think so, really.

4846. When the employers and the workers came together to discuss the question of reduced wages it would be impossible to exclude from consideration the question of reduced hours?—I think that in all probability the matter would have to be discussed.

4847. I understand you are not favourable to the proposal to leave the question of an eight hours' day to be decided by trade option? You have stated, I think, in the course of to-day, one or two objections to that course?—Excuse me, I do not know what is understood by trade option. If you examine historically what that phrase means you will find it is the title in the clause of a Bill drafted by the Fabian Society, which does not at all exclusively rest the decision on the votes of the men in the particular trade.

4848. I mean a system under which the decision would rest entirely with the men, that decision carrying legal sanction behind it?—I think that would be open to grave practical objections, and to what I should consider the serious drawback of possibly encouraging the employer to make a bogus union which would be, to my mind, a grave danger to trade unionism.

4849. It would, moreover, as I think you have pointed out, withdraw from the employer a voice in the question, and from the community also?—That I suppose is involved in the cruder forms of the proposition, but it was not involved in the original proposition.

4850. Your proposal is to leave the decision in the case of each trade with a Minister of the Crown. Why do you object to a discretion being given him as regards localities as well as trades?—I should not wish absolutely to object to that in all industries; as I have specially mentioned there is the case of the tramways if it could come about in that way. But I should extremely regret to see anything at work which might tend to drive trade from the short-hour districts and well-organised districts to long-hour districts and badly-organised districts. I say that without admitting necessarily that the short-hour districts are those in which the cost of labour is highest, the contrary being the case, but it is conceivable that there might be a tendency in that direction. But of more importance is my objection that it would practically leave parts of an industry badly organised, without any reduced hours of labour, although they need it most. Cotton spinning is mainly carried on in Lancashire and Glasgow. In Lancashire it is carried on by men who are extremely well organised, and who have a perfectly irresistible influence upon the House of Commons, and who would certainly get from Parliament whatever they wanted. In Glasgow cotton spinning is carried on at what I call extremely low wages by women who are practically unorganised. I am very anxious that we should not leave the

Mr. *Gerald Balfour*—continued.

women of Glasgow exposed without any protection at all.

4851. But might not that argument be turned the other way? Is it not possible that by reducing the hours in Glasgow, perhaps against the wishes of those engaged in the trade, you might destroy the trade altogether?—Both localities would be dealt with alike, but I should be glad to see the shifting of any particular industry from places where the hours were exceptionally long, or the wages exceptionally low, to those parts of the industry or trade in which the wages in that industry were exceptionally high or the hours were exceptionally short.

4852. But would you incur the risk whether the workers desired it or not?—It would be a matter to be weighed very carefully. I am only comparing the opposite tendencies. Our action should be to encourage industry to go to the places where it is carried on in such a way as to be beneficial to the standard of life, and to discourage it from going to those places in which it is carried on in a way which is positively injurious to the standard of life.

4853. Would it not be necessary to consider from a practical point of view whether that would not produce a disturbance of industry that would not be for the benefit of those working even in unfavourable circumstances?—Of course it would have to be considered, but I am suggesting that it would be more unfair to employers and employed in particular localities to allow those changes to be made only by particular localities, instead of making a change which affects the whole trade.

4854. But in the case I am suggesting the wishes of the strong and well organised part of the trade would determine the hours for the weaker part of the trade, possibly to the great detriment of those engaged in the particular district?—That is a consummation which I should desire, that is to say, the concentration at the present time of the cotton spinning industry about Oldham, where practically the highest rates of wages are paid, and the industry is best organised, and the spinner is best off. That is to my mind a desirable thing; and the parts of Lancashire, for instance, where the employers have bad machinery, or where they are badly situated, and are consequently only able to go on by paying low wages, and working long hours if they had the chance, are, I think, places which we should not encourage; I think it would be better for the operative if the industry were, in the gradual way in such things take place, shifted in the manner in which happily this particular case has a tendency to shift.

4855. But would you, in deference to the wishes of the stronger body, destroy the trade in another locality?—I do not think it could have that result.

4856. But it might conceivably?—That would be a matter for the Home Secretary to consider.

4857. You would not then withdraw from him discretionary power to decide whether the limitation of hours should be applied, not to a whole trade, but only to a particular locality?—I have not suggested that he should make an order limiting to particular localities, but that he should consider whether he will make an order at all, and in what form he will make it. I do not want to say that I am necessarily against all consideration of localities, but as at present advised I am gravely concerned that a whole trade should move at once.

4858. Now, taking once more the case of Northumberland and Durham, if these districts were gravely prejudiced by an eight hours' day, as against other mining districts, would it not be a serious hardship to all engaged in the industry there if the miners of Yorkshire and Wales were to have a determining voice in the number of their hours of work?—I think that might be a hardship, as it will be in the case of Ulster, for instance, but either the minority must settle it, or the majority, and I think you have to take into account the hardships involved in keeping all the other miners at work every day in the pit for an hour or two longer, merely because Northumberland and Durham will not join in their movement.

4859. Do you mean to say that the action of Northumberland and Durham, in resisting an eight hours' day, prevents others getting it by arrangement with the employers?—That is the effect.

4860. Have you not somewhat overstated this power of the minority?—I believe an Eight Hours Bill would have been passed in the last Session of Parliament if Northumberland and Durham had been as keen for it as they were against it.

4861. Would the employers in Yorkshire be more willing to grant an eight hours' day to the miners there if Northumberland and Durham were to adopt an eight hours' day too?—I am not able to say, but that is often stated by employers to be the case.

4862. There are some industries where uniform hours must be worked in each establishment, and I can understand in that case your saying that the minority might have great power over the majority, but there are other industries where it is not absolutely necessary that all the workers should work the same number of hours, even in the same establishment?—I can imagine such cases.

4863. And do you say in these cases the minority have really the power to determine the hours of the majority?—Yes, I think so. That is by fixing the normal day in the trade.

4864. Well, if that be the case it is rather an odd thing that in many trades the hours, as a matter of fact, do vary so immensely. In one place there are as many per week, and another place the hours are fewer or more?—Yes, that applies to those trades in which there is a greater or less uniformity.

Mr. *Courtney.*

4865. In the case of the coal miner do the minority work a less number of hours than

Mr. *Courtney*—continued.

those who withstand it ?—Yes, that is so; that is to say, that having a shorter day themselves, they are apprehensive that their existing arrangements may be so far interfered with as, for instance, to cause them to go down the pit at 5 o'clock in the afternoon, if they assist other miners to have a shorter day.

Mr. *Gerald Balfour.*

4866. Would you desire to see this uniformity of hours throughout a whole industry extended to agriculture ?—I have not suggested that the Act is likely to be applicable to agriculture.

4867. I take agriculture, because it presents an extreme instance of the way in which efficiency differs in different parts of the country ?—That is the case.

4868. Might not similar differences obtain in other industries ?—It might possibly be so.

4869. Would it not be proper in that case to make a distinction between one locality and another in reference to the difference between the efficiency of the workers ?—Of course that point would be considered. I am not sure what you are aiming at, but I would suggest that my object in shortening the hours of labour is to raise the standard of life, and I consider that in all trades the districts in which efficiency is least are those which are most in need of shortening of hours.

4870. Well, my object was to test the sufficiency of your means for withholding from the Home Secretary, or any other official with whom the decision as to the hours rested, the power of limiting the application of his decision to particular districts ?—I have stated to you the reasons which seem to me to require consideration before that could be attempted, but I have no desire, of course, to take any objection to that course.

4871. Now, if the desirability of a legal eight hours' day be granted, your proposal has much to recommend it, but do you think that the trade unions would be prepared to put it in the power of a Government official to determine the hours which they should work ?—I believe the trade unionists have the quality of practical Englishmen, which will lead them to take what they can get of their demand.

4872. Has your proposal ever been discussed at Trades Congresses ?—I am not sure that that particular point which I have suggested has ever been discussed. I do not think so. They have discussed trade option in a crude form as against

Mr. *Gerald Balfour*—continued.

a universal Bill, and trade option as against trade exemption, but the instances do not seem to me to be very relevant.

4873. But you have no means of judging whether or not such a proposal as yours would be acceptable to them ?—I believe it would be acceptable in so far as it brought on a reduction of hours. I would suggest, perhaps a little fuller in that way, that I do not think we ought to look to the workers of the country to draft their own Acts of Parliament. All we may reasonably expect from them is for them to express in some form a general desire for the result they wish to obtain, and there is a special class of workers known as parliamentary draughtsmen and Members of Parliament, who should put those desires in a practicable form.

4874. You think it is possible to put every desire into practical form ?—That is why I have been contributing my mite towards putting this one into a form which I consider practicable.

4875. One question more, would you leave it to the discretion of the Home Secretary to interfere in a partial manner with the hours of work. For instance, would you leave it to his discretion to limit the hours worked where day wages were paid, while allowing the workmen themselves to settle their hours of work where piece-work wages are paid ? — That appears to me a most dangerous suggestion. I should be very loth indeed to do anything which might have a tendency to encourage the growth of the piece-work system at the expense of the day-work system, though I do not wish to sum up decisively as between the two.

Sir *Michael Hicks-Beach.*

4876. Why ?—Because it is an extremely complicated point, which differs as you go from trade to trade, and it is one upon which I am now to some extent inquiring.

4877. But is your objection founded on the objection which trade unionists might have to any such proposal, or is it your own opinion ?—I was referring specially to my own opinion upon piece-work *versus* day-work. It is not founded on any opinion of trade unionists. I may say that the miners, who are perhaps the most insistent in their demand for an eight hours' day, are practically all piece-workers, and they are now re-inforced by the cotton operatives, who are equally all piece-workers

The witness withdrew.

Adjourned to Tuesday, November 29th, 1892.

TENTH DAY.

Commission Room, Westminster Hall, Tuesday, 29th November 1892.

PRESENT:

MR. DAVID DALE (IN THE CHAIR).

The Right Hon. LEONARD H. COURTNEY, M.P.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.

Mr. J. C. BOLTON.
Mr. G. LIVESEY.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. SAMUEL BAGSTER BOULTON called and examined.

Mr. *Dale.*

4878. You are senior partner in the firm of Burt, Boulton, and Haywood, chemical manufacturers, and also importers of timber, having establishments, and being employers of labour at Rotherhithe and West Ham in the port of London, and at other ports in the United Kingdom, also in France, in Belgium, and in Spain?—Yes.

4879. You have had, I believe, over 40 years' experience as an employer of labour?—I have.

4880. You are a member of the Council and of the Executive Committee of the London Chamber of Commerce?—I am.

4881. In 1889, after the dockers' strike, did the Chamber of Commerce appoint a committee for investigation and organisation with a view of testing the practicability of carrying out some scheme for labour conciliation and arbitration?—Yes, the Council of the Chamber had a vast number of applications during the strike and troubles which took place, and it was pressed on all hands to do something if we could to stop these difficulties. Finally the Council decided that it would appoint a rather strong committee who would investigate the whole matter.

4882. Were you chairman of that committee?—I was appointed chairman of that committee.

4883. Did that inquiry result in the formation of the London Labour Conciliation Board, of which you were elected chairman at its first meeting in December 1890, and re-elected at the next annual meeting?—Yes; but the investigations took altogether more than 18 months before we finally decided upon a scheme. We took every possible opportunity of making inquiries amongst the principal employers of labour in the metropolis; we also consulted with the principal Trades Union leaders, and with all gentlemen who we thought were

Mr. *Dale*—continued.

acquainted with the subject—gentlemen like Mr. Burnett of the Board of Trade; and all those who had been engaged in the dock strikes and troubles of 1889. We finally drew up a scheme which was submitted to the Council of the Chamber of Commerce. The scheme was adopted by them provisionally, and it was then brought before a general meeting of the Chamber of Commerce. It was then adopted unanimously, and the Board was constituted.

4884. Do you propose to put in the constitution and rules of that Board?—Yes; and perhaps it would be convenient that I should put those in now. There are four documents here which I would beg to put in. One is a short history of the formation of the Board, which is a pamphlet reprinted from an article in the "Nineteenth Century" (*see Appendix* LXXV.)

4885. By yourself, I believe?—By myself. This is a copy of the rules and byelaws of the Conciliation Board (*handing in the same**); this is a copy of the first Annual Report of the Board (*see Appendix* LXXVI.), and this is a copy of the debate which took place at the congress of the Chambers of Commerce of the whole Empire, when a resolution was passed to the effect that it would be desirable that boards of conciliation and arbitration should be appointed in all centres of commerce of the Empire. That resolution was carried unanimously (*see Appendix* LXXVII.)

4886. Perhaps that which for the moment specially needs to be dwelt upon is the constitution and rules of the London Conciliation Board; would you direct attention to any leading points in them?—The fundamental principle upon which we decided was, in the

* See Volume of "Rules of Associations of Employers and of Employed," pp. 494–7, No. 20; also p. 381, No. 567.

Mr. *Dale*—continued.

first place, the absolute equality of representation between labour and the employers of labour. We cast about for some time as to what would be the best method of appointing the representatives on each side. In discussing the matter with the representatives of labour, with the labour leaders, we found that nothing would satisfy them except actual election by the working men themselves. We had some little difficulty about that because we wished to form a board for the whole of London, and it was very difficult, in fact impossible to get the whole of the working men of London together. Finally we decided that the best way would be to send invitations to all the labour organisations. We sent invitations to all the Trades Unions of the metropolis. There was a certain scale of representation upon which they could send their delegates. Their delegates met at the Chamber of Commerce, and the matter was put before them, and we asked them in the first place whether they would like to have a direct election by the delegates there and then appointed, or whether they would divide themselves into groups of trades, and each trade elect its own representative. They discussed the matter at great length, and finally they decided that it would be better to divide the trades of London into 12 great groups, all the Unions belonging to each particular trade forming themselves into one or other of these 12 groups. Then they themselves appointed delegates for each of the groups to elect representatives, and by that means they elected 12 representative working men. On the other hand, as the Chamber of Commerce of London represents to a very large extent the mercantile and manufacturing interests of London, consisting as it does of about 3,500 firms—different houses of mercantile and manufacturing importance—it was decided that the Council of the Chamber should appoint 12 representatives to meet the labour representatives. By that means we had 12 on each side. Then it was suggested that the London County Council might perhaps like to be represented, and therefore it was left to them to appoint a delegate to sit on our Board. In order to balance that the working men appointed a labour member of Parliament, Mr. Fenwick, M.P. So we had our 12 men by direct election. Then we had Sir John Lubbock, appointed by the London County Council, and Mr. Fenwick, appointed by the labour representatives, on the Board. We therefore had 26 members. It was suggested also that the Lord Mayor should join the Board, but that has never been done; there have been practical difficulties in the way. I should perhaps mention here that during the course of our investigations, that is on the part of the organising committee—the committee which was first appointed before the Board was constituted—so soon as it was heard in London that the Chamber of Commerce was taking the matter up we had a great many applications, although our plan was not completed, to undertake arbitrations and conciliations. By the consent of the Council we did undertake several of those arbitrations, and by that means we had a very convenient method of testing the rules of procedure which we thought we might adopt finally. I might perhaps give some instances of the methods.

Mr. *Dale*—continued.

4887. Before you do that it might be well just to have clearly before us what exactly are the functions which the London Conciliation Board undertakes. Are they these: "To promote amicable methods of settling labour disputes and the prevention of strikes and lock-outs generally, and also especially in the following methods:—1. They shall, in the first instance, invite both parties to the dispute to a friendly conference with each other. . . . 2. In the event of the disputants not being able to arrive at a settlement between themselves, they shall be invited to lay their respective cases before the Board. . . . Or should the disputants prefer it, the Board would assist them in selecting arbitrators. . . . 3. The utmost efforts of the Board shall in the meantime, and in all cases, be exerted to prevent if possible the occurrence or continuance of a strike or lock-out. . . . The London Conciliation Board shall not constitute itself a body of arbitrators except at the express desire of both parties to a dispute, to be signified in writing, but shall in preference, should other methods of conciliation fail, offer to assist the disputants in the selection of arbitrators chosen either from its own body or otherwise. Any dispute coming before the Board shall, in the first instance, be referred to a conciliation committee of the particular trade to which the disputants belong. . . . To collect information as to the wages paid and other conditions of labour prevailing in other places where trades or industries similar to those of London are carried on, and especially as regards localities either in the United Kingdom or abroad, where there is competition with the trade of London. Such information shall be especially placed at the disposal of any disputants who may seek the assistance of the London Conciliation Board?" Those are the leading principles?—Those are the leading features.

4888. There is an appendix to this pamphlet from which I have been quoting,—"The Rules and Byelaws of the London Conciliation Board,"—which gives a list of the various trades, I suppose, which have given in their adhesion to the scheme?—That is so in the metropolis; we confined ourselves to the metropolitan district. At our first meetings we began with a representation from about 25 trades unions; after a few months that increased to 40, and finally, up to the present time, over 60 of the trades unions, some of them very important ones, have taken part in our movements.

4889. Would it be convenient at this stage, having now got before us the origin and the

Mr. *Dale*—continued.

constitution of the London Labour Conciliation Board, to ascertain from you what it has already done in the way of affording assistance?—Yes. In the first annual report you will find several cases cited; they are the leading cases. I may say, however, that perhaps the most important part of our work, or quite as important as any other is that part of it which never gets into the newspapers at all, and which is scarcely ever mentioned in the reports—I mean with reference to the continual applications which are made to us to settle nascent disputes. Sometimes a trade union comes to us, sometimes a firm of employers, sometimes a particular combination of masters' associations, and they ask us to interfere in order to promote meetings between them, at which very frequently they settle the matter themselves. But there is, and I suppose there will be at the same time a sort of feeling of—shall I say misplaced dignity, perhaps—I mean to say there is a little jealousy on the part sometimes of the one side and sometimes of the other on coming together, unless they are invited by a board like our own. In the first instance we decided that we would never interfere at all in any disputes unless the application came from the parties themselves to us, but after some experience it was found that it was considered perhaps sometimes to be a sign of weakness if one or the other of the parties made an application to us without the other doing so. We therefore adopted a rule that whenever we heard of a dispute as pending, or as going to commence, we would then send identical letters to both sides and invite them to meet us at the Chamber of Commerce. The two methods which we adopt are as follows: The first thing which we try to do is to get the parties together, to get them round a table at the Chamber of Commerce, and to endeavour to get them to settle their own disputes. We find if we can succeed in doing that it is perhaps the best method of settlement, because the settlement is one arrived at by themselves; it partakes of the nature of a bargain in which all the conditions are threshed out just as a commercial bargain is between two merchants or manufacturers. We find that an agreement arrived at by themselves in that way is much more likely to be holding and to be considered binding by them. When, however, we get them together, and we find that they cannot settle their dispute then we offer arbitration, that is to say, that we will appoint arbitrators and go into the matter in a regular form of arbitration. When we do that we draw up an agreement, and the matter is considered binding on both sides. Shall I give you an instance or two?

4890. It would be convenient?—These are simply illustrative. One of the first disputes which we had to settle was a dispute as to existing engagements. It was a case at Oliver's Wharf. It was during the time of the great strike at Hay's Wharf. The strike at Hay's Wharf, as you know, was a question of the

Mr. *Dale*—continued.

dinner hour, and some other matters of labour. During the course of that strike some of the workmen at other wharves attempted to boycott Hay's Wharf, that is to say, they refused to handle goods which came from Hay's Wharf, or were to be sent to Hay's Wharf, and amongst others this occurred at Oliver's Wharf, which is a very large wharf in the tea trade. The workmen refused to handle some tea, which was—I forget whether it was coming to Hay's Wharf or going to Hay's Wharf—but I think it was going to Hay's Wharf. The masters insisted upon it, and the men struck. In that case there were a great many men out of employment, and the application to us came from the leaders of the union, in point of fact, from Mr. Tom Mann and from Mr. Benjamin Tillett, who came to us to ask if we could do anything to get these men restored to their work. After some difficulty we got the proprietors of Oliver's Wharf to meet at the Chamber, and the whole matter was discussed. It was evident from the first that in that case the men were in the wrong, because a good many of those who had given up their work were weekly servants. They had therefore broken an existing agreement. There could be therefore no doubt as to their having so far been in the wrong. The Trades Union leaders, Mr. Mann and Mr. Tillett, saw this, and, after a long discussion, they were willing to acknowledge that the men were in the wrong. An agreement was drawn up (*see Appendix* LXXVIII.) by which they promised that a matter of this kind, where goods were being dealt with from other wharves, and so forth, should not occur again. Finally, the employers on their side undertook to take the men back as far as there was room for them; so that we had the satisfaction of getting the rights of the case acknowledged on both sides, and also of getting these men restored to their employment. That is what we call a system of conciliation in which the two parties meet together, and one or two members of the Board merely sit as assessors in order to assist in smoothing down difficulties. That was a dispute as to existing engagements, and I may say that it is always easier to settle a dispute arising out of an existing engagement—much easier—than it is to settle a dispute as to what a future engagement shall be whether as to rates of wages or hours of labour. Another dispute, which we settled by conciliation, was as to a future engagement. That was the case of the United Bargemen and Watermen's Protection Society of the Medway and the Cement Manufacturers' Association of the Medway. The trade had got brisker and the men wished for an advance of wages. The masters were willing to concede some advance, but they had not been able to agree as to terms. The employers and the bargemen had had a meeting at Rochester, but they had not agreed; they had separated without agreeing, and there was likely to be a strike of considerable magnitude, which would not only have thrown out of work all the cement bargemen of the Medway

Mr. *Dale*—continued.

but also a large number of men who were working at the cement works. In that case the employers came to us in the first instance. They did not wish the work to be stopped, and they asked if we could assist them. In that case we invited the officials of the Union to get delegates sent up from their Union, which they did, and the Committee of the Masters was appointed. They met at the Chamber of Commerce. We had the meeting in the evening. It was a question of some difficulty, because it involved a very long tariff of freights for cement and other articles from different parts of the Medway to other parts of the Medway, and from the Medway to the Thames.

4891. You need not go into detail. Just tell us sufficient to show the magnitude of your operations?—Very good. There were about 50 different items of freights. We met one evening, and first of all we did not seem to get on at all. However, by a little mutual good humour and passing over some of the articles in dispute which they could not agree upon, and going to others, we finally during our first evening (we sat till 11 o'clock at night) managed to get through about half the list; then it was adjourned. We met on another evening, and finally we got the whole list settled. This list will show you the magnitude of the matter (*see Appendix* LXXIX.). An agreement was drawn up with that tariff of rates and signed by the masters and men, and we got a clause put in the agreement to the effect that no alteration should take place in those rates without three months' notice on either side. That agreement worked very satisfactorily indeed for more than 12 months. After 12 months, trade had got a good deal worse again, and the employers wished to have a reduction of the rates. So they called together the men, and went over the list, and reductions were made. I am bound to say that the men not only loyally stuck to all the agreements that they had made, but they also submitted to this reduction. I mention that because it is sometimes said that the workmen will always agree to an increase of wages, but that they will not always agree to a reduction. However, they did agree in that case, and it worked for a good many months more. Unfortunately, in drawing up the second agreement, they omitted to put in the clause—in fact, they refused to put in the clause—that three months' notice should be given on either side.

4892. Who refused—which side?—It was the employers. So that, when trade got worse again, and another reduction was called for, the agreement broke up. But for a long time it worked very well indeed; and if we had had our way, and had been enabled to get that clause inserted again in the new agreement, there is no doubt that the arrangement would have been working amicably to this day. The trade was in a very bad state indeed, and a reduction in wages was inevitable I mention that as a case in which a very complicated arrangement was entered into, and held water for a considerable time, and was kept to most loyally by the men on both sides.

4893. It has been convenient, I think, that you should give us, as you have done, two typical instances of intervention and usefulness on the part of your Association. If there is another typical case which you think would bring that out more clearly, please give it; and then for the rest, you might tell us, if you are able to do so, the number of cases, without particularising them, in which your Board has been of service within any given period?—Those two cases are cases of conciliation. I will now mention a case of arbitration. This is a similar matter, but it involves a principle which was rather useful to us in framing our rules. It is the case of the Amalgamated French Polishers, and Messrs. Brinsmeads', the pianoforte manufacturers. A dispute had arisen as to wages, and also as to whether piece-work or day work should be the rule. In that case we offered conciliation, but both sides wished to have an out-and-out arbitration. They preferred that we should arbitrate at once. So we appointed three arbitrators. The committee was asked to appoint the arbitrators. Of course it would have been open to the disputants to have named their arbitrators if they had wished, but they wished to leave it in the hands of the organising committee, and so we named three representatives. In that case we had several meetings.

4894. Were any of those arbitrators experts in the trade?—No, they were not. It was very difficult to get arbitrators who were experts in the trade in that case, but we examined a great many witnesses.

4895. By "we," you mean the three arbitrators did?—The arbitrators did.

4896. Were you one yourself?—I was one myself, Mr. Arnold Forster was another, and Sir Albert Rollitt was the third. The parties especially wished to have an arbitration of that kind. They did not want to go into more details. It was really a case principally as to whether piece-work or day work should prevail. We heard the case stated by the leaders of the Union, and also by the employers, at great length, and whereas the employers averred that they were under great competition, especially from foreign manufacturers, who employed piece-work, and whereas that was objected to on the part of the Union, we got evidence from abroad, from the Chamber of Commerce in Paris, and from other sources, and we found that piece-work was used by their competitors in France and other places. We then examined the books—the hour books, and the wages which had been earned, both by day work and by piece-work. We found that upon the whole the men themselves could earn more at piece-work than at day work. Finally, we inquired of the workmen in the establishment, and we found that the large majority of them after all desired to have piece-work. We then settled the different

Mr. *Dale*—continued.

points which had been raised, and we decided that piece-work should prevail in the future. The agreement was drawn up, and was signed and agreed to by both parties, and I believe that agreement has been in operation ever since —it is now some 18 months ago.

4897. Do you mean that instead of making an award you embodied in the form of an agreement the award which you would have made to induce the parties to accept it?—No, it was an actual award.

4898. You said an agreement?—I should have said an award. I have here a copy of it (*see Appendix* LXXX.). It is rather an important case, because it raises the question of piece-work or day work. It was an absolute award, which was accepted by both parties.

4899. Did you also define the piece-work rates, or did you not deal with that question at all?—There was no dispute as to that. We decided that the piece-work rates should remain as before:—"That the system of piece-work "be continued at Messrs. Brinsmeads' manu-"factory, provided the payment for the same "be fixed upon the new and increased scale of "prices agreed upon on the 14th October, "1890." They had previously agreed to a fresh scale of prices for piece-work. That was just previous to our award. Then another case of arbitration arose out of a dispute between the Amalgamated Society of Watermen and Lightermen of the River Thames, and Messrs. Francis & Co., Limited, who are great cement manufacturers. In this also a number of questions were involved as to freights from different parts of the river to other parts of the river; questions as to lay-by money, and many other things, and it was absolutely necessary in that case that we should have experts or some people on both sides having a knowledge of the riverside work. In that case we appointed arbitrators.

4900. In that case who initiated the communication with you? Did you offer your services, or did they come to you?—We sent invitations to both sides and both parties accepted them.

4901. And then you found that what they desired was arbitration?—Yes; we offered them conciliation first, but they desired arbitration.

4902. Did your Board appoint the arbitrators in that case?—The Board appointed the arbitrators.

4903. Three, as in the former case?—No, in this case there were six. This was the first instance in which our Board, having been formed and thoroughly constituted, we were able to try the full principle of arbitration which we suggest; that is, that the arbitrators themselves should be three of them working men, and three of them employers of labour.

4904. Connected with the industry?—Connected with the industry. We had, for instance, on the part of the employers of labour two dock managers who were very well acquainted indeed with all the questions relating to barges and so forth; one was Colonel Bitt, of the Millwall Docks, and the other Mr. Griffin, of the Surrey Commercial, and I was appointed as arbitrator also, from having a long experience of riverside matters, being a wharfinger, and also an owner of lighters and barges. On the other side we had three workmen, one of whom was a Medway bargeman, a member of the Board. We did not appoint a Thames lighterman, because we thought he would be perhaps judging somewhat in his own cause, but we appointed a Medway lighterman who was very well acquainted with the River Thames. We met on one Saturday afternoon, we heard the witnesses on both sides state their case, we drew up an award, and that award (*see Appendix* LXXXI.) was at once accepted and signed by both parties. That has been in operation ever since.

4905. Was it the award of the whole body of arbitrators?—It was.

4906. Supposing there had been a disagreement, and supposing you had been equally divided, what would have happened then?—We should then have had to appoint an umpire, but it happens, and it is rather a singular thing that in most of these arrangements which we have made we have found that we are able to arrive at a unanimous conclusion. We were quite unanimous in this award both employers and employed. We had some difficulty in getting a witness, and a very important witness, and it was only by exercising some influence that we could get this gentleman to come forward. That points to one of the necessities of the case. If there is to be any legislation as regards voluntary conciliation boards, I shall urge by-and-by, if you give me an opportunity, that we should have the power of summoning and examining witnesses upon oath, because in that case unless we had been able to get this gentleman to come forward we should have had great difficulty in establishing some of our points. You wish for some statement as to the number of cases, I think.

4907. If you think that it would be well to give them, and are in a position to give them to us, we should be glad to receive them?—They are almost continually occurring; I mean to say, almost every week or fortnight, we have some cases occurring. We do not always dignify them by the appellation of cases, because we very often settle them in the initial stage. I should say there must have been some score of cases of different kinds.

4908. Would you say as a matter of fact that hardly a week passes without having some application?—Without having some communication of some kind or other. In some cases of course we are unsuccessful. In some cases we are not able to get the parties together. Of course there are some cases, even where we do get the parties together, where we are not able to succeed by conciliation, and they even sometimes refuse arbitration; but on the whole we find that in nine cases out of ten when we get them together we

Mr. *Dale*—continued.

are able to come to an agreement or to arrive at an agreement with them.

4909. In your proof you have stated that you propose to give certain reasons for arriving at the conclusion that a conciliation board should be constituted under certain conditions?—Yes. The principal reason for our arriving at that conclusion was the process of exhaustion; we saw no other means of doing it.

4910. I left you rather to state the conditions; you desire to give reasons for arriving at the conclusion that a conciliation and arbitration board should be constituted on certain conditions, which conditions you will now state please?—One was the equal representation on a board of employers and employed; we found that that would be absolutely necessary. Neither party would have confidence in any organisation which was got together in which there was not that equality of representation. You will see that we get the equality of representation on our initial Board by 12 employers of labour being appointed by the Council of the Chamber of Commerce and 12 being elected by the trades unions of London. We also have a rule, which you will find among the rules and byelaws, that if by any chance, and it very frequently occurs, there is a meeting of the Conciliation Board, and there are more representatives of one body than of the other, the voting can at the request of any member present, be made equal by one side, the side which has the preponderance withdrawing a person or persons from the voting, so that if any question of importance comes to be voted upon, it is absolutely impossible for there to be any inequality of representation in the votes. Here again, however, I may mention that at all our meetings we have been able to arrive at conclusions so far without any difficulties. It is a remarkable fact, and it is a fact which I did not myself anticipate, but it has been so; it is seldom necessary to take a vote on the matter.

4911. Your Board is constituted not only of an equal number of employers and employed, but of an equal number of representatives?—That is so.

4912. Because to the 12 employers and the 12 labour representatives you add, I think, two; at the present time you have two, at any rate?—Yes.

4913. One appointed by the London County Council and the other by whom?—The other by the elected labour representatives on the Board.

4914. He is Mr. Fenwick?—Yes. It was also debated as to whether the chairman should have a casting vote, and it was decided that the chairman should not have a casting vote, so that in the event of their being equal voting it would be necessary to appoint an umpire. Another feature of the Board is this: we have a central body, which is to a great extent an organising body. The Conciliation Board appoints the executive committee, which arranges future matters, and interviews the parties, and so forth. But it is a part of our scheme which we hope to carry out in the future to have separate conciliation committtees formed for each of the trades of London. That has not made so much progress yet. We find that there is a little unwillingness on the part of the different trades to form these separate conciliation committees, and they seem to prefer to go to the whole Board to have their matters settled. That would be an ideal plan, but that forms part of our plan which is published in the rules and byelaws.*

4915. The next question, I think, which you wish to dwell upon is voluntary conciliation and arbitration as regards engagements for future employment?—We carefully studied all the attempts which had been made, at least all that we could get hold of, for compulsory arbitration as regards the future rates of wages; and we arrived at the conclusion that whereas attempts have been made for the last 500 years to do so, they have all more or less ended in failure, and we also arrived at the conclusion that it would be quite impossible for any compulsory arrangement to fix future rates for labour, because, supposing any court were appointed, supposing it arrived at a decision, supposing it said that in any particular trade or in any particular district the wages should be so-and-so for the next twelve months, or for the next six months, it would be absolutely impossible to compel either the workmen to work at those wages if they did not like them, or for the employers to open their factories if they thought the wages were higher than they could afford to pay.

4916. Would that not apply to an award which was the result of a voluntary submission to arbitration?—It no doubt would; but if an award is arrived at by the wishes of the parties themselves, we have confidence that in the future—and our experience shows it so far by all our awards having been honourably kept on both sides—that there would be a growing feeling that it would be extremely dishonourable to break any arrangement of that sort voluntarily arrived at, and moreover in any dispute which came before the public it would, no doubt, place the sympathy of the public on the side of that one particular party who had kept to their engagements, as against the one who had broken theirs.

4917. And you do not therefore think that the inability to enforce by legal procedure an award upon a large body of men is any reason why arbitration should not be encouraged, being of opinion that the force of public opinion would go for very much in causing an award to be observed?—Undoubtedly we think that it would. We further think that it would be quite impossible to compel workmen—in fact we see no way of compelling workmen to work at wages which do not suit them, because after your decision in your so-called compulsory court you still have a chance of a strike or a lock-out. How can you force a large body of workmen to

* See foot-note to question 4885.

Mr. *Dale*—continued.

work at wages which do not suit them? Supposing you bring before a magistrate 500 men or 1,000 men, the magistrate may fine them, but it would be very difficult to enforce the fines. He cannot say, You shall work at that particular factory, because they may say, We do not choose to work at that particular trade, or, We do not choose to work in that particular district; we will go to another district. You could not enforce the award.

4918. But you do not think that is conclusive against the usefulness of arbitration in such cases?—We do not see any way out of it, except by voluntary arbitration and conciliation. In looking at all the past legislation on the subject we found there had been an entire failure in every case where compulsory powers had been attempted to be enforced. There have been several Acts passed recently in the colonies, one in New South Wales, one in New Zealand, and one in Nova Scotia, for the purpose of appointing boards of arbitration and conciliation. Now, the only practical suggestion of anything like compulsion or penalties is in the Nova Scotia Act. In the New Zealand Act they debated it carefully as to whether compulsion should be used, and finally the compulsory power was withdrawn in the House of Legislature. In New South Wales there is an Act—I have copies of the Acts here if you would like to see them—and there is no compulsion there. But in the Nova Scotia Act (*handing in copy of same*; * *see Appendix* LXXXII.), which relates to mining, there is a clause which points to something like compulsion. It is the only practical suggestion which I have seen, but I do not think it has ever been carried out. It stipulates that when either party applies for arbitration to this particular court the workmen shall deposit a sum amounting to a fortnight's wages, and the employer shall deposit a like sum of money amounting to the same total, and that the money shall be forfeited by whichever party loses the award. I do not think that has ever been carried out.

4919. That which you are just describing is not compulsory arbitration, but security for the observance of voluntary arbitration?—It is arbitration with a penalty.

4920. By compulsory arbitration I thought you meant the ability of one party to cite the other before a court, whose decision should be legally binding upon the parties. Was that not what you meant rather?—In the Nova Scotia Act there is that power of citation, but there is no attempt, of course, to say that men shall be compelled to work for a particular rate of wages. There is only this penalty. That is the only attempt that I can see at anything like compulsion.

4921. May I take it that when you speak of compulsory arbitration you mean not the provision of some fund out of which an award may be satisfied, but the citing of one or other of the parties to a dispute to appear before a court whose decision should be binding in the matter?—The employers can cite the men, or the men can cite the employers.

4922. That is what you mean by compulsory arbitration?—Yes. Clause 16 reads: "The "employer, in the case of all mines referred to "in this Act, on receiving notice that an arbi-"tration has been granted to all the employed, "or any division of the employed, and that "arbitrators have been appointed, may retain "the wages of all the employed to whom arbi-"tration has been granted, or of the division of "the employed to whom arbitration has been "granted, for the fourteen days preceding the "appointment of such arbitrators, which wages "shall be paid into some chartered bank in this "province to the order of the Commissioner, "and the employer shall also pay into said "chartered bank to the order of the commis-"sioner an equal amount." Clause 17 runs: "If the board of arbitrators decide against all "the employed, or against any division of the "employed to whom arbitration has been "granted, and all the employed, or any division "of the employed to whom arbitration has been "granted shall not at once submit to the award "of the arbitrators, the amount of wages of the "employed, or any division of the employed, to "whom arbitration has been granted respec-"tively, refusing to submit, paid into the "chartered bank, shall be forfeited by the em-"ployed, or by any division of the employed "to whom arbitration has been respectively "granted, and shall be paid to the employer for "his use and benefit by the Commissioner, after "first deducting the costs of the arbitration." I see I was wrong in stating that it was the person who lost the award; it is paid whenever the one party or the other refuses to submit to the award; then the same applies to the employed.

4923. But is it not forfeited to the party who is aggrieved by the non-observance of the award?—Yes, in either case.

Mr. *Bolton.*

4924. And the power of citation is not limited to the employed?—No.

4925. It is granted to both?—To both.

Mr. *Dale.*

4926. I think it would be convenient to keep a little distinct the two questions of the expediency of a law by which one party to a dispute may cite the other to appear before a tribunal whose decision in the matter shall then be legally binding; and as a separate question, the provision of some money fund out of which that party shall be satisfied or compensated who is prejudiced by the non-observance of an award by the other side. The latter is rather a distinct question, is it not?—Yes, it is. I was merely citing this case of Nova Scotia as the only instance in which I really know of any penalty being put in a practical way.

4927. Some of the succeeding paragraphs of your proof I think, have been already dealt

* The text of this Act is printed in full in "Vol. ii., Foreign Reports. The Colonies and the Indian Empire" [C.—6795-XI.], pp. 15, 16, and 17. However, the copy handed in by the Witness contains an amendment to Chapter 8: this amendment is therefore printed as Appendix LXXXII.—G. D.

Mr. *Dale*—continued.

with by you. For instance, the mode of constituting the London Conciliation Board I think we have already dealt with, and you have given evidence as to the constitution and composition of it; also as to its methods of operation and the cases which can be cited?—Yes.* May I mention that, after being accepted by the London Chamber of Commerce, our example has been followed by a large number of chambers of commerce throughout the country. In the first place, the question was brought before the Associated Chambers of Commerce of Great Britain; they meet every six months. This was brought before them several times, and it was discussed by them, and the Associated Chambers arrived at the conclusion that these voluntary forms of conciliation and arbitration should be adopted. The Associated Chambers discussed the whole question as to compulsory arbitration and voluntary arbitration, and voluntary arbitration had it by a very large majority. Subsequent to that a great number of chambers of commerce have instituted proceedings of a similar nature. I can give you a list of them. These other chambers of commerce have either constituted conciliation boards or are in course of forming them, and several of them have already got into full operation, and have decided cases. They are Liverpool, Wolverhampton, Aberdeen, Bristol, Dublin, Greenwich, Grimsby, Bradford, Edinburgh, Leeds, Rochdale, Hull, Derby, Gloucester, Cardiff, Dundee, Nottingham, Glasgow, Manchester, Worcester, Walsall, Exeter, Plymouth, Morley, Croydon, Dudley, Halifax, Keighley, Wrexham, Wakefield, and Newport, Monmouthshire.

4928. All those towns have formed conciliation boards, do you say?—They have either formed them or are in the process of forming them.

4929. On your lines?—On our lines, only of course in different neighbourhoods there is a variety of the constitution; sometimes they would have more or less—they would not have so many as 24 members, for instance, they would have a smaller number. That would depend upon the number of trades they had in the particular places, but they are all on very similar lines.

4930. What view do you hold as to the expediency of the arbitrators being experts in the trade whose dispute has given rise to the arbitration?—So far as possible I think they should be experts. It is sometimes difficult to get absolute experts in the particular branch of the trade to be dealt with, because it would be difficult to get arbitrators then who were not themselves interested; but just as in the case, for instance, of those watermen of the Thames, we could get a Medway bargeman who knew the Thames very well; so you can in most cases appoint men who are technically acquainted with the trade. In any case you should have as far as possible practical men, men who are acquainted with the trade themselves. I may mention two names connected with strikes and arbitration, those of Cardinal Manning and Lord Brassey; both of those eminent persons arrived at the same conclusion, that the practical men were the men who were wanted for the purpose. I introduced the question to Cardinal Manning, who was a personal friend of mine, very soon after he had given his decision as regards the dockers' strike. I pointed out to him that while we were very much indebted to him for the labours that he had carried out in that respect, nevertheless I did not think that method of settling labour disputes would in the end be the satisfactory one—that it would be very much better to have practical men to decide these things. After a long discussion on the subject, Cardinal Manning came over to my opinion, and I had a long correspondence with him during the later months of his life. He adopted the idea of our conciliation board, and during the last twelve months of his life he used the whole of his influence to assist us in our labours, not by interfering in any way, because although we placed him on our inquiry committe, he never attended any committee meetings at all, but he used his influence to send cases to us, and he arrived at the conclusion as he said, "It is not the business of a prelate like "myself to interfere in labour disputes; I only "did it because I thought at the time there was "no one else to do it, and great calamities were "occurring, and I wished to do what I could to "prevent them." The other case is that of Lord Brassey. Lord Brassey also interfered in some of the labour disputes following after the dockers' strike, and he gave an award in the case of the lightermen and watermen.

Mr. *Livesey.*

4931. The word "interfered" is not quite correct; Lord Brassey was invited to act as arbitrator, was he not?—Yes, perhaps it is not right to use the word "interfered." I meant, of course, that he did take part.

4932. He was invited to act as umpire?—Yes. I quite agree with Lord Brassey as to all he has said on the subject. Lord Brassey on considering the case when we had a discussion at the congress of the chambers of commerce of the Empire, which took place last summer, in a speech which you will find in one of those papers that I have handed in, stated that he had arrived at the very emphatic conclusion that it was not persons like himself who should, except in exceptional cases, interfere, but that the conciliation and arbitration should be the result of using the services of practical men who were acquainted with the subject. You will find that he very emphatically mentions that in his speech. I mention this because both of those gentlemen had a very considerable experience of a very troublesome period indeed, and I do most emphatically give them credit for the very best intentions, and for having done very good work at that time.

Mr. *Dale.*

4933. Under your system you seek to bring to bearupon incipient or actual labour disputes both the advantages of those who are not connected

* See also "Answers to Schedules, Group C." [C.—6795.-IX.], p. 833, replies by the London Chamber of Commerce.

Mr. *Dale*—continued.

with the industry and the advantages of those who are in the industry?—Exactly so.

4934. The advantages of those who are, being obtained by your board causing them to be nominated or promoting their nomination, as arbitrators where conciliation has failed?—Exactly so. If you have an official board like that recruited, say, as it is in London from all the principal trades of the metropolis, and the great manufacturing and other interests, docks and so forth, you can bring a great deal of influence to bear in getting people to come together. I should mention that the Associated Chambers of Commerce of the Empire adopted the plan, and I would allude once more to the fact that last summer there was a congress of the Chambers of Commerce of the whole Empire held—a very interesting occasion indeed when we discussed a great many questions connected with the commerce of the empire, and so forth—at which this question of arbitration and conciliation in labour was brought forward. There was a long discussion on the subject, and this congress of Chambers of Commerce of the whole empire also unanimously adopted the resolution that it was advisable that boards of conciliation and arbitration should be appointed in all the great centres of industry. This is the resolution: "That the frequent recurrence of labour disputes "has caused, and is causing, great damage to "the commercial and manufacturing interests "of the Empire. That it is extremely desirable "in the best interests both of employers and "employed that the re-adjustment of the rates "and conditions of labour, which from time to "time is inevitable, should be brought about "without the wasteful and calamitous results "proceeding from strikes and lock-outs. And that "this Congress strongly recommends the forma-"tion of properly constituted Boards of Labour, "Conciliation, and Arbitration in all important "centres of industry and commerce throughout "the Empire." That is a copy of the discussion "which took place (*see Appendix* LXXVII).

4935. In the answers that were given by your London Conciliation Board to the series of questions issued by this Commission, it appears that the Board is desirous to "call attention to two "amongst many Acts of Parliament which have "been framed for the purpose of assisting or "settling labour disputes"?—Yes, those are the Acts of 1867 and 1872.* The Act of 1867† is called an Act to establish Equitable Councils of Conciliation, but it does not deal in any way with the question of future rates of labour; it merely deals with disputes arising out of existing agreements. I believe that that Act has never been brought into play at all. I do not think there has been a single case under it, and I would venture to point out that perhaps even for the settlement of disputes arising out of existing agreements the conditions are of too cast-iron a character, and that they restrict too much the formation of the board. For instance, there must be a certain number, either two or ten, then there are restrictions as to fixing the residence of the workmen—workmen must have resided in a certain place for six months. That is a condition which the workmen would never submit to, because one of their most trusted leaders might from some accident or other, or from change of employment, have left a particular place and gone to another. It attempts to define too much. It seems to me that the powers conferred in that Act might be conferred on voluntary boards with a great deal of usefulness. But let the boards be constituted by voluntary effort, then each district would form a board best adapted to its own circumstances, or to the trades which are carried on in that district. We see that that is being done through the Chambers of Commerce. If the powers of that particular Act could be conferred on such conciliation boards as are being formed now by Chambers of Commerce, or with the assistance of Chambers of Commerce throughout the Empire, I think it would be very useful indeed. Then our conciliation boards could undertake the adjustment of disputes arising out of existing agreements very much as the *Conseils des Prud'hommes* do in Paris, in Brussels, and in other continental cities. Hitherto we have not undertaken much of that kind of work, and in that respect no doubt continental countries are ahead of us. Many disputes arising between workmen and masters are settled by those *Conseils des Prud'hommes* with very little expense and very little trouble. That is with regard to the first of the two Acts, the Act of 1867. The other Act, the Act of 1872,* is much more elastic in its provisions. The Act of 1872 does apply to the settling of questions of future conditions of labour.

4936. It is noticeable that the Act of 1872 makes no reference to the Act of 1867?—No, it does not, and it seems to me that it is for a different object altogether. The Act of 1867 seems to apply exclusively to the settling of disputes as to existing rates of labour, and the Act of 1872 seems to apply to the settling of future rates of labour.

4937. Have you any comment to make upon the Act of 1872?—I can only express some astonishment that it has never been acted upon.

4938. Like that of 1867 it has not been acted upon?—Like that of 1867 I do not think there has ever been a case under it. It certainly is a much more elastic Act than that of 1867, but somehow or other it does not seem to me to meet the requirements of the case. The Act of 1872 is, I think, called Mr. Mundella's Act. It is very elastic in its provisions, because it says that the rates and conditions should be fixed by agreement, designating "some board, council, "person, or persons as arbitrators." So that the powers of the Act might really be applied to conciliation boards like our own.

4939. If you have before you the recommendations of your Board you might state them now?—These are certain recommendations

* See "Answers to Schedules, Group C." [C.—6795-IX.], p. 848, replies by the London Chamber of Commerce; see also Report of the New South Wales Royal Commission on Strikes (1891), pp. 39, 53–6.

† 30 & 31 Vict., 1867, c. 105.

* 35 & 36 Vict., 1872, c. 46.

Mr. *Dale*—continued.

which we would desire to make in the event of any future legislation. It is suggested that a recognition by the Government of such conciliation boards as may be voluntarily established by the joint action of large or influential bodies of employers or employed in connexion with a chamber of commerce may be of great utility. Such recognition might take place after inspection and approval by a Governmental department, for instance by the Board of Trade, of the rules and byelaws of the body requesting recognition. The recognition might be accompanied by the bestowal of certain powers upon the Conciliation Board for example: (1) in the event of its proceeding to a formal arbitration as described in Class (*a.*), page 6, of its rules and byelaws the Board might have power conferred upon it to examine witnesses upon oath; (2) as regards any dispute respecting existing arrangments or past transactions, but not as regards future rates or conditions of labour the Board might have powers conferred upon it by which this award should be legally binding upon both parties where such disputes shall have been voluntarily submitted by both parties to a regular and formal arbitration. Such powers have been conferred in France upon the *Conseils des Prud'hommes* with satisfactory results.

4940. In fact, then your Board makes two recommendations, that there should be a Government recognition of such a board as yours?—Yes.

4941. And that the result of that recognition should be the empowering of the board to examine witnesses upon oath, which I presume is intended to carry with it the power to summon a witness to appear?—Quite so.

4942. And further, that the award of the board or of the arbitrators appointed by the board should be legally binding on both parties where such dispute shall have been voluntarily submitted by both parties to a regular and formal arbitration, but not as regards future rates and conditions of labour?—Not as regards future conditions of labour, but as regards past agreements or existing agreements, in fact they would be conferring upon us some of the powers conferred by the *Conseils des Prud'hommes* abroad.

4943. You have dwelt upon the practical impossibility of compelling a very large number of workmen to observe an award fixing future rates of wages?—Yes.

4944. You have also dwelt upon the difficulty of compelling employers to observe a future award of the rate of wages, if that meant carrying on their business at a loss?—Quite so.

4945. You do propose that an award should be legally binding in regard to any past question, but might not that past question involve money compensation or payment?—It might do so, but there is this great distinction; if a man is engaged to do a certain thing he is bound to do that, and he commits a breach of his engagement if he does not do it. Therefore you can very well adjudicate upon that, and you can say there is a certain penalty. If the employer breaks faith with the workmen, or the workmen with the employer, you might reasonably be allowed to inflict a penalty for that breach. Of course you can get the same thing by going before a magistrate, but the *Conseils des Prud'hommes* do arrange a great many of these disputes in a very cheap and very economical, and a very easy way. It is much easier for both parties to go before a tribunal of that kind and get these small matters settled.

4946. What are the classes of cases which you think it would be worth while providing legal compulsion for, seeing that they are not those of future service?—All questions arising out of existing disputes, out of existing arrangements between employers and employed. For instance, that question of Oliver's Wharf which I was mentioning would of course be a case in point; the men there had an agreement for weekly service, and they broke it.

4947. Legal compulsion would naturally mean the enforcement of a money penalty?—Yes, it would be an easier way of adjusting those things. No doubt as the law at present stands, if either side does commit a breach of agreement that can be adjudicated upon before the ordinary tribunals, but the *Conseils des Prud'hommes* was a cheaper and more economical sort of tribunal for the settling of those cases. We thought that the conciliation boards having been formed, we might perhaps take up that work also.

4948. Of course, in that case if you have got the powers which you think it would be expedient to confer there would be a legal power to enforce the award in regard to a past breach?—Yes, exactly.

4949. By distraint or by any other action?—Quite so. As regards future rates of labour, as I mentioned before, we do not see how compulsion can be used. The only way in which it could be done—and that would not be compulsion but penalties—would be to give powers in the event of both parties coming before a conciliation board, and saying, "Now we want this "matter settled for some time to come, and we "will each of us agree to accept your award, "whatever it is, under penalties. If both "parties would voluntarily say that they wished "to have penalties, then perhaps you might "give the conciliation board power to award "them." That is the only way in which I can see you can use penalties or compulsion.

4950. Is there anything you would desire to add to the evidence you have already given; you have covered, I think, all that is indicated in your proof?—I think I have mentioned all the important matters.

Mr. *Bolton.*

4951. Are there any cases where you have offered intervention and it has been refused?—Yes.

4952. What has been the result?—The result has been in some cases that a strike has taken

Mr. *Bolton*—continued.

place; in others the people have settled it themselves. We always hail with satisfaction an answer that "We are very much obliged to you, "but we can settle it ourselves." That is what we desire most, of course, but sometimes the very fact of our sending a message to them does bring them together and they settle it. That is all we wish. We are busy men, and we do not want to interfere unless we are really wanted.

4953. And in other cases strikes have resulted in consequence?—Yes, I believe so.

4954. Do you know with what result in any case—can you give any instance?—Strikes in some cases have ended in favour of the employers and in some in favour of the employed. I think it is a matter varying between 40 and 60 per cent. one way or the other.

4955. Can you say what reasons were given for declining your intervention?—A variety of reasons. Sometimes the employers say, "There "is no strike; we have discharged these men "and taken others on." In other cases they say, "We can settle the matter amongst ourselves." In some cases I am sorry to say they refuse to meet the officers of the union, which I think is always a mistake. In some cases the men were not willing to accept it.

4956. Do you advocate, or does your Board of Conciliation advocate this, that where the employers take such a ground as that where they discharged certain men and engaged others, compulsory conciliation or compulsory arbitration should be adopted to settle a dispute of that kind?—I do not think I said where the employers discharge men, I said where men strike; sometimes men strike and they leave their employ, and then their employers fill up their places.

4957. Do you advocate in cases of that kind compulsory arbitration between the two?—No, I do not. I do not see how you can get it. It would be impossible to say to any particular employers, "You must engage certain men."

4958. Then in declining your intervention there the employers were really adopting your views?—No, I do not say that. Our views were that they ought to have met their men.

4959. Your legislative proposals, I think, do not go further than the Act of 1872?—There is another Act passed in the early part of the reign of George IV.; the 5th, George IV., chapter 96. I have not alluded to that.

4960. Except that you propose that the Board of Conciliation should have power, in the event of a voluntary reference to the Conciliation Board, to enforce their award and power also to cite witnesses and to examine them on oath?—Not to enforce an award as regards future rates of wages.

4961. But as regards an agreement?—As regards an agreement, certainly.

4962. That is, you would take from the existing tribunals some portion of their work provided the parties to the dispute appealed to you to do so?—I do not know that I should say take it from them, but I should leave it open to them to apply to conciliation boards if they wished to do so.

4963. Have they not that power now without any further legislation?—I do not know that they have. At any rate the boards, you see, have not existed till quite recently.

4964. If two parties to a dispute enter into an agreement to abide by the award of a certain selected court, be it of merchants or employers or employed, that award could be enforced?—I suppose it could if they entered into a binding agreement of the kind.

4965. Then would your suggested legislation do anything more than authorise by legislation what it is in the power of all parties now to adopt?—I am not a lawyer, but I fancy that if a clause was placed in an Act of Parliament especially vesting these courts with that particular authority, it would assist them—it would give them prestige.

4966. Only your experience is that Acts which have been passed for that purpose have remained dead letters?—I think those Acts have remained dead letters, because they attempt to do what they should not have tried to do—they attempt to constitute the courts themselves, whereas I think it would be very much better, seeing that there is a movement on foot to form these conciliation boards voluntarily, to accept those conciliation boards if their rules are good, and to confer powers upon them when their rules are such as would get the approval of a department of the Government.

4967. Are not the powers conceded by the Act of 1872 as ample as you could possibly desire as to the constitution of the court?—They are very ample, certainly.

4968. Could you make them more ample; the Act says that an agreement under this Act shall either designate some board, council, person, or persons, as arbitrator or arbitrators. Can you make it ampler than that?—I do not know that you can, but there is the result that it has never been acted upon.

4969. Then why do you suppose that another Act containing the same powers, but put in different words, would be more likely to be acted upon?—I think if they were applied to some concrete body already existing people would perhaps put the powers into execution.

4969*a*. Would you term that then a cast-iron provision?—No; I do not think so. If the conciliation board is appointed voluntarily, if its constitution is such as suits in different districts the varying conditions of those districts, if its rules have been examined by a department of the Government and approved, then I think it would do good to these boards; it would establish their prestige and increase their usefulness if the Government by a clause in some Act of Parliament were to especially apply these powers to such boards.

4970. You think that is not included in section 1?—It may be included, but there is the fact that the Act has been useless.

Mr. *Tait.*

4971. If, before the arbitration has been gone into between the two parties who may be dissenting, they were to sign an agreement binding themselves to the arbitrators' decision, would that meet your requirements ?—Are you speaking with respect to disputes as to existing agreements or as to future rates of wages ?

4972. I am supposing there is a strike going on just now at the docks and your Board is called in to arbitrate; if both parties were to sign an agreement binding them to accept the decision, would that suit your requirements ?—We generally do make them sign such an agreement before we begin, but it is still voluntary, because if they were to refuse to carry it out there is no power of compulsion as regards future rates of wages. We always do that before they meet together. They each sign an agreement to be bound by our decision. I merely say that there is no method of legally enforcing a decision as to future rates of labour.

4973. Would you penalise them if they did not legally comply with your decision if you were to get the powers which you ask ?—I do not know that you can unless they themselves voluntarily ask for a penalty. That was the point I made. I think perhaps if both parties are so convinced of the inadvisability of a struggle, if they were to say, "We want you to "give us an award, and we will agree to be "bound in such a penalty for not keeping it," then you might confer on the conciliation board the power of enforcing that award. Of course that would mean a money penalty. I see no other way of doing it.

4974. The Trades Unions, I think, are represented on your Board. I think you said about 40 Trades Unions were represented ?—About 60, more or less, have taken a part in our proceedings.

4975. Can you tell me how many of these belong to what is known as the artisan section, and how many to the labouring section ?—They belong to both. We have some of the great trades of London. We have, for instance, the building trades, and we have the engineers, and we have different sections of labourers of a great number of trades. One of the papers I have handed in gives a copy of the names of the Unions that have taken part in our proceedings.*

Mr. *Trow.*

4975*a*. Did I understand you that arbitrations were not to fix the rates to be paid in the future ?—Certainly they fix the rates, or else they would not be of much use in labour disputes. The only thing I say is that I do not see how you can make their decision compulsory. I do not see my way to it; I do not see how it can be done.

4976. Are not all the strikes, or the major portion of them, with regard to what is to be paid in wages in the future, and not with regard to the past ?—Certainly they are.

4977. Then what is the use of arbitration if you cannot fix the rate of wages and men will

* See question 4885 and foot-note.

Mr. *Trow*—continued.

not accept them ?—We do fix the rates of wages, and our experience has been that both parties have accepted our arbitration hitherto. What I say is that I do not see how you can make it compulsory. It is a matter of honour on both sides. I might mention, by-the-bye, that there is an Act which is now being brought through the French Legislature for the formation of conciliation courts which is as to the future rates of labour; but this Act expressly says that the carrying out of these decisions must be left to the honour of both parties.

Mr. *Dale.*

4978. Is that the provision in the Bill ?—That is the provision in the Bill, and it expressly states it. In France I have had some correspondence with the Labour Bureau of the Ministry of the Interior on the subject. They asked for information.* I might say that their idea is this: they think that as regards machinery for the settling of disputes between employers and employed—as regards existing agreements—they are a good deal ahead of us, but they admit that so far as regards the machinery for settling disputes as to future rates and conditions of labour we are a good deal ahead of them, and they are following our example in that respect.

Professor *Marshall.*

4979. I want to ask you a few questions with regard to the use of words. You have spoken of arbitration and conciliation. Would you more carefully define the boundaries of those two ?—Yes. As we use the words, "conciliation" means our getting the parties together and trying to get them to make a bargain, we assisting as assessors. That is what we call conciliation. It means making a commercial bargain of it just as we did in the case I cited with regard to the Medway boatmen and their employers. Arbitration means when the parties say, "We have tried that already, and we do not "want to waste any more time. We place it in "your hands to give a decision." That is what we call arbitration.

4980. But then, over and above that, I think you suggested something which is in America very carefully distinguished from arbitration, and which is called "mediation," that is examining witnesses on oath and the expressing an opinion publicly on that evidence, the said opinion not being in the nature of an award. I think you recommended that as advisable under some circumstances, did you not ?—I recommended that we should have power to summon and examine witnesses on oath decidedly; we might use that either for our conciliation method or our arbitration method.

4981. But if you summoned witnesses on oath it would not be conciliation, would it—if it is conciliation only when they come voluntarily together ?—I do not know whether it should be called conciliation.

* The Witness's summary adds to this information that a Bill is now before the legislature and refers to "Foreign Office, Miscellaneous Series, No. 258," p. 119.—G. D.

Professor *Marshall*—continued.

4982. Do you not think there is an advantage in the American plan by which the term "conciliation" is confined to those cases in which the people come voluntarily together, perhaps on invitation, and discuss the matter among themselves; while arbitration is confined to cases in which an award is given which is supposed to have some sort of compulsion, some sort of force I would say, and in which mediation is confined to those cases in which the only power the court has is that of summoning witnesses, requiring them to give evidence, and then publishing the result?—You draw a distinction between what we should call two or three methods of conciliation—we call them all conciliation—anything which does not leave it absolutely to appointed arbitrators to make an award. Our methods are very various. Sometimes we get the parties together and say, "Well "now, can you settle it yourselves? We will "go out of the room if you like." They generally say, "No, you had better stay, one or "two of you, with us." Perhaps one of us acts as chairman to preside over the amenities and to prevent any little ebullitions of temper, and so on. That is what we call conciliation. Sometimes they settle it amongst themselves, sometimes we settle it by sitting with them. That may be mediation or conciliation; we call it conciliation, as a rule. I do not see myself why we should not have power to examine witnesses on oath even in cases of conciliation, because it gives both parties information sometimes which they did not possess before.

4983. Do you not think that there is a growing opinion in America that what they call arbitration is, generally speaking, a failure, and that what they call mediation is, generally speaking, a success?—I was not aware of that. I must say that my own feeling is that I am not inclined to adopt American methods of settling labour disputes. I think our methods are the best.

4984. The particular method which I understood you thought was most useful was that—am I not right—in which the court summons witnesses, receives evidence on oath, and publishes a recommendation without going further?—No, we have not generally done that; we have generally either considered we have settled a matter or have failed to settle it.

4985. I think you said that you believe in the force of public opinion?—So I do believe in the force of public opinion in enforcing an award which you may arrive at. I believe very greatly in public opinion in that respect. If it is a question as to future wages our award, I conceive, cannot be compulsorily enforced. Our experience has been hitherto that the parties accepting it have always considered themselves honourably bound and have carried the award out; but a case might arise in which one party or the other might refuse to do so. In that case I should say that public opinion would be and ought to be very much against the side, whichever it was, which went away from the award which they had themselves asked for.

Professor *Marshall*—continued.

4986. But you do not think that there is an advantage in having a different name to describe those decisions which have authority behind them other than that of public opinion, and these decisions which have no authority other than that of public opinion to enforce them?—I do not understand what authority you can put behind public opinion if the whole thing is to be voluntary. There is the authority of course, of the reputation, the character of the persons who are arbitrators but that is all.

4987. Does the popular opinion against the success of arbitration arise from the extreme difficulty of enforcing by law any award, and has not that feeling hampered the growth of what Americans call mediation, which has not been properly distinguished from it, but is not liable to that disadvantage?—I do not see myself how the American system of mediation, as you describe it, has any compulsion with it.

4988. Is it not true that the Massachusetts Board of Mediation and Arbitration has reported that in so far as it has tried measures of arbitration it has not succeeded, and in so far as it has tried measures of mediation it has succeeded?—I believe there has been something of the kind though I am not very well acquainted with the American procedure. I only know that in this country voluntary conciliation boards have for years past done an immense deal of good. I dare say the Commission is in possession of a copy of this little book of Mr. Crompton's.*

4989. You still revert to the use of conciliation in the case in which there is an umpire. Is it not a little better to confine the word "conciliation" to cases in which there is no umpire?—I do not think I have applied the word "conciliation" to cases in which there is an umpire; the umpire would be in cases where there is arbitration.

4990. I thought you spoke of giving an award and summoning witnesses in cases of conciliation?—I misunderstood you. I thought I said arbitration. I meant to say so. The conciliation system is very elastic; it is less formal; we are able to do a great deal of good work in that way where perhaps we should not get them to submit to a regular arbitration.

4991. Did you not say that you should have power sometimes of summoning witnesses in conciliation cases?—I do not see why we should not, because sometimes it is difficult to get witnesses, and even in conciliation cases it is a very good thing to have plenty of light thrown on the subject, and we might have the power to summon witnesses and examine them on oath.

4992. But is not a conciliation case a case in which two parties meet together, without any third parties, to summon witnesses, or to do anything else?—In our conciliation cases they generally meet together with third persons as assessors.

4993. Is it not better to avoid giving the same name to things that are rather different

* "Industrial Conciliation," by Henry Crompton (London, 1876), see "Rules of Associations of Employers and Employed" [C.—6795.-XII.], pp. xxxv-xxxvi.

Professor *Marshall*—continued.

and to confine conciliation to cases, as the Americans do, in which there is no third party present; and mediation to cases in which there is a third party present but with no power to enforce an award?—It is a question of definition. I do not want to fight for a word at all. At the same time I think some of the best conciliation is done certainly by third parties being present; they conciliate.

4994. Do you not think that the feeling that mediation has a great deal before it has made greater progress recently in America than here, and partly because they have used better chosen words than we have?—I am not prepared to admit that; I should not think that. I rather thought the other way. I thought that conciliation had made greater progress in this country than in America.

4995. Conciliation, of course, but not arbitration?—Well, arbitration also. Arbitration has failed sometimes in England because I think the persons chosen to arbitrate have not had a sufficient knowledge of the trade concerned, and it is one of my points, as I dare say you have gathered, that as far as possible the arbitrators to these boards should be men practically acquainted with the trade.

4996. Yes, I heard it, and I entirely agree with it if I may venture to say so. I did not understand, however, what you said later on; you said that if both sides invited the arbitration you think then that power might be given to enforce penalties—in what way to enforce penalties?—That is with respect to existing agreements.

4997. With regard to the past?—Yes.

4998. But not with regard to the future?—Only with regard to the future in cases where both sides should say, "We wish for a penalty." Then I think you might.

4999. When they do, what form do the penalties take?—That must depend upon the circumstances. I should think the form of a fine or a monetary payment of some kind. The only thing that I have alluded to as being at all like that is the Nova Scotia Act.

5000. I notice the Nova Scotia Act is not very definite, is it; the phrase is that money shall be forfeited by whichever side does not submit to the award?—And paid to the other side.

5001. But they do not define what is meant by not submitting to the award?—I fancy I understand what it means. Supposing the court gives a decision, and immediately afterwards one party or the other says, "I will not "be bound by it," then they would forfeit their money.

5002. But to take the objection you yourself have raised, supposing that an award is given that men are to go to work at 5*s.* 6*d.*, whereas they have demanded 6*s.*, and as a matter of fact a good number of the men do not turn up, but give various excuses, without saying that they reject the award, what are you to do?—There would be great difficulty no doubt. I do not see how penalties can be very well applied, unless the Trades Unions on the one side and the employers on the other would say, "We wish a penalty." Of course there is always the difficulty, as regards the men; who are to be the paymasters.

5003. But that would apply only to members of the Unions?—Only to the Unions, I think. I do not think the opinion of the working classes is ripe enough for that to be carried out very much.

5004. Have you thought of one rather mild form of compulsion, that when an award has been given under the conditions you have just mentioned, then it should be illegal to picket against employment in the firms offering the terms agreed on as settled by the award. At present of course picketing is not illegal without intimidation. Have you thought that it might be possible to say that when an award had been given, then picketing against men taking work on the terms fixed by it should be illegal even without intimidation?—I have not given attention to that, certainly.

Mr. *Dale.*

5005. Even such picketing as under other circumstances the law would tolerate?—Of course that would be a penalty which could be adopted; I think there would be great opposition to that on the part of the working men.

Professor *Marshall.*

5006. Even after they had invited the award?—I cannot say; it would require a good deal of consideration.

5007. The Act of 1872 has fallen flat, has it not, partly because there was nothing in truth to set it in operation?—I think so. I think there are very good points in that Act.

5008. You think that if there were local arbitration and conciliation boards formed for broader problems, then people would be willing to go to them for these minor, and so to speak personal questions, such as they go to the *Conseils des Prud'hommes* for?—Yes, I think so.

5009. Perhaps it would not be necessary that the constitution of the courts for a big question of arbitration should be the same as for these personal questions, these so to speak petty questions with which the *Conseils* deal?—Under our system we have a conciliation board which is largely representative. We constitute so to speak a fresh court almost for every case. If it is arbitration, we pick out men who are acquainted with the subject.

5010. The persons who give their time to this work abroad are generally paid salaries for their work, are they not, and their time is not generally very important?—Do you mean the *Conseils des Prud'hommes*?

5011. Yes?—I think the workmen are paid. I am not quite certain; I do not think the employers are. I think the employers in these courts are persons of influence.

5012. Do you think they get persons of influence to spend their time on these detail cases—Yes, I think they do.

Professor *Marshall*—continued.

5013. Persons of the same class as you want for the broader questions?—I think so. They sit as a regular court of justice in connexion with their tribunals of commerce, and an appeal lies from their decisions to the Tribunal of Commerce.

5014. Do you think that the people who sit on those are really people of any importance?—I think so, as masters in their particular trades.

5015. You said it would be easier to go before such a court than before a magistrate; I do not quite understand why?—I think the fees are very much less.

5016. Is not the point rather that the modes of procedure would be much simpler, and that the forms of law would not be always observed where the forms were not specially applicable?—I think the men have confidence in a tribunal of that kind, of which one-half of the judges, so to speak, are men of their own order.

5017. It would proceed rather by common-sense than by the formal methods of a court of law?—Yes, I think so.

5018. And they would get through the business really quicker?—Yes.

5019. They would get to the bottom quicker?—Yes; I may mention a case which occurred to me a great many years ago. I had a dispute with a workman in France. It was when I was quite a young man, but I remember it distinctly. It was a question as to what the engagement had been for his wages. I took over an establishment, and this man had been employed by my predecessor, and I was rather mistaken as to what the terms of his wages were. Instead of suing me in the ordinary way, this man cited me before the *Conseils des Prud'hommes.* It was all settled in about five minutes, and the fees were very small indeed—something like 5 francs, I think.

5020. One other point. What we have heard both from you and other witnesses, so far as I am aware with regard to arbitration, has looked at the difficulty that may arise between employer and employed, in so far as it concerns the employer and employed; but has the London Board of Conciliation considered the bearing of these disputes on third parties?—Yes, decidedly; you will find that in these papers which I have put in. We did consider very seriously what an awful calamity, for instance, the dockers' strike was, and you will find in the article which I wrote in the "Nineteenth Century" (*see Appendix* LXXV.) that I expressly stated that those who really had nothing to do directly with the original dispute were sometimes the greatest sufferers. Merchants could not get ships unloaded; they could not get their goods delivered from the docks; the whole trade of the Port of London was at a standstill, and very great, and in some cases very permanent injury was done to the trade in the Port of London.

5021–2. I do not think you have mentioned to-day any specific method for giving a *locus standi* to third parties when they are really interested in such struggles?—I do not see how you could. It is a question of a dispute after all. If it is a question of wages, it is a dispute which each party has a right to raise. Undoubtedly the employer has a right to say, "I will not engage any workman except at a certain rate." Undoubtedly the workman has a right to say "I will not work except at a certain rate." They do incidentally in their disputes cause a great deal of damage to other parties, but that is a reason for trying any method like this, and for working very energetically at the means of preventing this mischief, but I do not see how you can introduce third parties into the disputes.

5023. You do not think it practicable to give third parties, say, for instance, the town councils or trade councils, in places where the general industry is much affected by a particular strike, power to invoke what I call a court of mediation, that is, a public inquiry in which people should give evidence on oath so that the force of public opinion might be brought more to settle the dispute, even though neither the employers nor the employed were inclined to take the initiative themselves?—I do not see that much good would result from that; whereas if you have these conciliation boards established in all the great centres of industry, the very fact of either party to a dispute refusing to go before that board, or refusing to submit to the arbitration, does so far place them in the position of appearing to interfere with the prosperity of the town or trade, and so forth. They refuse arbitration, and they refuse conciliation.

5024. But you are aware that in the case of the great railway strike, with which two members of the Commission were very closely connected, there was a very strong expression of opinion that the matter not being one which exclusively concerned, or nearly exclusively concerned, the two parties, there ought to have been a power of invoking public inquiry into the rights and wrongs of the case?—A sort of inquest.

5025. Well, a *præ mortem* inquest?—I do not know; it might be useful in some extreme cases. I do not see that you would get much further.

5026. Do you not think in that case, having regard to the great desire on the part of the public to get to know the exact state of the case, and the fact that the public felt that they had heard only *ex parte* statements on either side, they would have been glad to have heard a statement on oath before a public court?—I think you would get all the good that you will get out of such an inquest by the establishment and encouragement of these boards of conciliation.

5027. Then that leads to another question. In the case of a strike of that kind not localised in any one particular place, but spreading over a large area, no one of these courts which you have spoken of, and which I think have been local, might feel that the struggle was within its jurisdiction?—I think that these conciliation boards, for instance, established in connexion with chambers of commerce, will give a tribunal

Professor *Marshall*—continued.

in almost all districts of the United Kingdom in the great majority of cases, but I think there are certain industries which probably might not always be disposed to resort to them. Where an industry of a common character spreads over the whole of the kingdom, such as railway interests, for instance, or such as a mining interest, or even great ironworks spreading over a great district, I think probably you would find it would be better to keep up conciliation boards connected with those very trades alone, in the cases of very large trades like that.

5028. Do you not think that besides local arbitration and conciliation boards there is wanted some central board for labour difficulties which spread over a large area?—I think in those cases you had better have such boards as there are, for instance, in the colliery districts. They fail at times, but they have done an immense deal of good. The conciliation boards in the colliery districts have sometimes gone on for years and years, and prevented disputes at all.

5029. And you would not be in favour of any central arbitration board?—I do not quite see my way to one. I do not quite see what good you would get from it.

5030. I mean a State Central Arbitration Board?—No, I do not think so.

Mr. *Gerald Balfour.*

5031. Do you think the State could usefully interfere in labour disputes otherwise than by giving legal recognition, and, perhaps, legal powers to such bodies as the London Conciliation Board?—I think, having in view the very many attempts which have been made by the State at different times to fix rates of labour and conditions of labour, and the almost invariable—I may say the invariable—failure to carry out the intentions of the framers of these Acts, the Government would do very much better to recognise boards voluntarily constituted, and to give them certain additional powers rather than by seeking to constitute courts of its own.

5032. If the State were to constitute a court of its own, do you think that the effect of that might be to discourage the establishment of voluntary organisations?—I think that it would, decidedly. The voluntary movement is taking a great extension, and there are a good many earnest men who are devoting a great deal of labour to it; but I think the time has now arrived when it wants a little encouragement, and, I think, if some recognition by the State were accorded to these boards, after examination of their rules, after a thorough examination as to their methods of procedure, and so forth, it would add to their usefulness extremely, and a good deal to their prestige. I think the fact that so many of the Trades Unions are willing to adopt a movement, which after all in London was first inaugurated by employers, is a very striking feature indeed, because this movement was first of all com-

Mr. *Gerald Balfour*—continued.

menced by employers of labour, by the mercantile community; but so many of the Trades Unions have federated themselves with it whenever they have seen that the system was absolutely impartial, and absolutely fair as regards representation, that I think myself that is a most encouraging sign, and I think the State would do well to consider how far it could further encourage such movements as that

Mr. *Plimsoll.*

5033. Do you not consider that the *quasi* sanction for which you applied would be liable to impair the influence and authority of your voluntary organisation?—I do not think so.

5034. As making a prejudice on the part of the worker against it?—I do not think so, because the application to these boards would be still voluntary on their part. I think the working classes, so far as I have been able to ascertain their views on the subject, are quite willing to see some State recognition applied to these boards; a good many of them are actually asking for State boards being appointed. With that I do not agree.

5035. I think that is a very important feature of the case, that they are willing, of course, but my question suggested to you whether you do not think that the worker would be apt to regard these voluntary organisations which now do so much good, although not all the good you would like, with some suspicion, as being a sort of machinery or institution favourable to the employers rather than to themselves?—As regards the London Conciliation Board we always discuss these matters before they are brought forward publicly, and the very points which have been raised by me to day were discussed on our Board, and the working men delegates all agreed that what we were asking for was reasonable sud useful. I mean we have taken opportunities of testing their feeling on the subject.

Mr. *Bolton.*

5036. What provision is made in the case of an equal vote on the part of the Board of Arbitration for reference to an umpire?—The Board itself would have to appoint an umpire.

5037. But seeing that they are equally divided on the question in dispute they may be also equally divided as to the appointment of an umpire; how do you proceed in that case?—Singularly enough, as I said before, the case has never yet occurred, but undoubtedly provision will have to be made for that. I think that in most cases the Board would, perhaps, give a casting vote to the chairman. I mean to say they would agree to do so.

5038. My question rather was whether you had already provided for it or not?—No, there is no actual provision. I think, perhaps, in the event of legislation it would be necessary to have some such provision.

[The Witness's notes for proposed evidence containing some minor points not thoroughly brought out in this evidence will be dealt with in drawing up the Summary of the Evidence in this Volume.—G. D.]

The witness withdrew.

The Reverend JOHN GRITTON, D.D., called and examined.

Mr. *Dale.*

5039. You are the secretary of the Lord's Day Observance Society of London?—When these returns were secured I was secretary. I am no longer secretary; I am a vice-president only now.

5040. You have prepared, specially for the information of this Commission, certain tables showing the proportion of Sunday labour in various branches of industry embraced, as you believe, in the investigation of this Commission, and in particular exhibiting the variations in the amount of Sunday labour in factories of the same character and size?—That is so.

5041. Of course this will form part of our official records (*see Appendix* LXXXIII.), and, I believe, copies are in the hands of every member of the Commission now present, so that it will not be necessary to take it from you verbally. What I think would be most convenient would be to ask you what inferences you would desire us to draw from these returns?—It appears to me from these returns that there exists a very considerable amount of variation in the work done on Sunday in various branches of industry. It is clear that in a great many works the Sunday work is reduced to a very low minimum. I am inclined to think that in many cases it is reduced now to the lowest possible minimum, but in works of the same kind, taking the same raw materials, putting them through the same processes, and sending the same results to market, there are found degrees of work very much above that minimum. In some cases the work is 1 per cent.; in works of a similar kind employing somewhat about the same number of men it is much more.

5042. Excuse me one moment, the per-centage to which you have just referred and the per-centages to which you may have occasion probably to refer, express the relationship of the number of men employed on Sunday to the average number of men employed on any one week-day?—That is so. Sometimes the difference will be as great as from 1 per cent. to 18 or 19 per cent. of the week-day work carried on on the Sunday.

5043. The question of the number of hours on Sunday and on the week-day does not enter into the question of per-centage?—Not in certain columns. Indeed it does not enter into any of the returns as given here in figures, but in some of the returns made they include that consideration of the time worked. In some of the returns it appears to me that eight men at work for twelve hours, say, are reckoned as eight men, but if eight men are employed only for four hours they are put down in the returns occasionally as two men, or the proper proportion. In the tables that element is not considered. Then there appears to be a variety of reasons for this difference in the proportion of work done on the Lord's Day. Some of it is forced by the determination of the workmen to have work on Sunday. For that they have given various reasons to me when I have gone about to the manufactories throughout the

Mr. *Dale*—continued.

country. Sometimes it is simply the desire to get the higher wage which is given for work done on Sunday; sometimes it results, as the men themselves have told me at two or three places, from a determination to get their rest day when the public-houses are open the whole of the day, and not to get their rest day when they can be enjoying themselves in the public-house only for a very limited portion of the day. They have not hesitated in certain places to give me that reason. Then it appears to me that a good deal of this work above the minimum arises from inconsiderateness, from a want of energy in adopting the best means to diminish labour. It occurred to me in one day to go to three gas manufactories in the west of England. At one I found that where they rested from carbonising 12 hours on the Sunday they made up their fires every two hours. At another of the works where they rested 12 hours from carbonising they made up the heats three times during the 12 hours; but when I came to the gasworks at Hereford, the engineer there told me that he only touched the fires once during the 12 hours. Now it appears to me that if the better methods adopted in the one works had been introduced into the other two there would have been no necessity whatever for the fires being attended to three times during the 12 hours, or six times during the 12 hours. There are methods which minimise the labour. Where they are adopted there is very little necessary work on the Sunday in a good many of the manufactories; where they are neglected there arises a kind of convenience in employing more labour on the Sunday, and in employing that labour more severely, and I earnestly desire that there should be a general consideration throughout the country whether there be not methods already in operation which might be more generally adopted which would remove entirely the plea of necessity for all work above the minimum, and which as they came into general operation would reduce the work all round to a very low extent indeed. It appears to me too that a good deal of this work above the minimum is done needlessly upon mere theories of the managers who direct the operations of the works. I may refer to one of the most complete gas-houses in England, the most recently erected and most perfect in all its arrangements—those at Leicester. The work there in carbonising on the Sunday is precisely the same as it is on the other days of the week. There are three shifts, and the work goes on continually night and day, week-day and Sunday. The yard work is not done on Sunday; that is, all the work of engineers and all the arrangements as to the distribution of gas through the town, all that ceases on Sunday. The carbonising work is precisely the same week-days and Sundays, and the reason which the engineer gave me for carrying on the work without any cessation on Sunday was that he thought it good for the men that they should not be entirely thrust out of their usual work

Mr. *Dale*—continued.

and be loitering about with nothing to do.* That seems to me a very insufficient reason. If the work could be done without—and certainly it could be done without there, for their appliances are as perfect as any throughout the country—the theoretical views of the engineer who manages the whole ought not, I think, to be permitted to lead on to this work, which he himself confesses to be needless. Those are some of the points that I should be very thankful to have embodied, if it might be, some day in the actual report of this Commission. Another is this, the payment of extra wages for work done on the Lord's Day. That is a temptation to greedy men; it is a temptation to men who are living without thrift, and who find themselves living all their life long from hand to mouth. It is a temptation, of course, to get two or three wages, in some cases four or five wages, for work done on the Sunday. But I do not think that that influences the average of work in the country very much, because the more tempting the Sunday work is to the worker, the less profitable it will be to the employer. The more the man gets for his work done on Sunday, the less profit will the employer get out of that work done, and I am inclined to think, from a comparison of some 3,000 returns, that those two considerations about balance one another; that is to say, that if no extra wage were paid for work done on Sunday, the amount of work done on Sunday throughout the country would not be very much altered from what it now is. There is this temptation to Sunday work, and it sometimes leads—as I learn from these various returns—to somewhat dangerous consequences. I may mention that at Liverpool, in the great gasworks there, the manager told me that he had had extreme difficulty in getting rid of Sunday work, and that the men were so determined to have it—certain sections of the men—that they permitted ties running through the great banks of the retorts and binding them together to get into a dangerous condition, and did not report that till late in the week, and that he had come to the conclusion that there was a determination among the men, a certain number of them, to get Sunday work, even though in getting it they were risking the very safety of the works, and that he had only been able to overcome that tendency to increased Sunday work by the appointment of an officer under him, whose duty it was to see that investigations were made at the proper time, and that reports as to all weak ties needing to be looked to and needing to be changed should reach him at a fair time during the week. It is very painful that men should come under influences which lead them so earnestly to desire the additional wage for Sunday work, that they would even endanger the property of their employers to secure that. The other matter that I mentioned—the desire of the men to have larger freedom for drinking on Monday than they could get for drinking on Sunday if they rested on Sunday—has been brought before me in two or three places, and it appears to me to be an exceedingly painful and an exceedingly mournful element in the matter. Whether anything can be done in the general progress of education among these men, the general inculcation of principles that would make them ashamed of their intense love of drink and their determination to have unbounded liberty for it, whether anything beyond the inculcation of general principles and the general lifting of them up could be done, I do not know, but I do think that employers should never give way to them, that they should never yield when the yielding means the indulgence in a ruinous vice, destructive to the men, destructive to their families, and utterly injurious to society. Some of these cases of Sunday work appear to me to be brought about, judging from the returns, from the economising of the labour of an insufficient number of workmen. What leads to the maintenance of a low number of workmen to do a large degree of work I have not discovered. I do not know, but certainly there are places in which the hands employed are much too few to make it possible to give to them a fair amount of Sunday rest. Then there are manufactures, I am quite sure, where the attempt is made to carry on the operations without an adequate supply of plant. That comes out I think very specially in gas works. One hears the plea constantly: "Oh, if we had more retorts, if we "had more gasholding room, we should be able "to make all our gas in the six days of the "week, and there would be no necessity at all "for Sunday work." It seems to me that corporations, firms, and companies ought not to try that experiment of doing an amount of work which is really beyond the power of their plant to effect without calling upon that plant to be employed thoroughly seven days in the week. That point has come up in a great many places, and it appears to me that it is altogether in the long run a non-economical thing to carry on work in this way. Another reason is sometimes given for certain branches of work on the Sunday, that it enables them to supply at a lower cost to the public that which they are producing. This is sometimes pleaded for carrying on gaswork during the 24 hours, or 18 hours, or 12 hours of the Lord's Day. It is quite true, I take it, that gas may be produced somewhat more cheaply by making it seven days in the week than by making it six days in the week. There is a certain amount of damage to the plant by letting down heats. There is a certain amount of loss, but I have it upon the authority of one, whose judgment I think would hardly be questioned in this room, that if all Sunday carbonising were to cease entirely, the additional cost to the public would reach from three farthings to five farthings per thousand feet of gas.

5044. Would you propose to give your authority?—I am referring you to a gentleman present, Mr. Livesey.

* In a letter (dated December 9th, 1892), enclosing a corrected proof of this evidence, the Witness urged the necessity of the addition of the following note: "The Witness desires to correct this statement. The description of the works and of the amount of Sunday "labour applies to Leicester at the date of Witness's visit; but he has confused the works with some other as to the engineer's "reason. It was not that gentleman who gave the reason here attributed to him." This also applies to questions 5056–60.—G. D.

Mr. *Livesey.*

5045. When did I say that?—You said that about two or three years ago.

5046. I do not remember saying it. I dare-say I did?—You said from three farthings to five farthings per thousand feet. It appears to me that that degree of economy, of cheapness to the consumer, is hardly sufficient to warrant the Sunday work which is carried on, even if it were more than that, even if it amounted to 3*d.* or 4*d.* per thousand feet, it seems to me that that would not warrant the entailing of a good deal of Sunday work in that particular branch of industry.

Mr. *Dale.*

5047. Did your statement mean from three farthings to five farthings per thousand feet upon all that might be made in the year, or upon the quantity that might have been made on the Sunday?—Upon the whole produce of the work, upon the whole consumption.

Mr. *Livesey,*

5048. Then I might say it is over the mark, it would not cost that I am quite certain. When I made that statement—I do not remember it—it was an outside statement; it would not cost three farthings a thousand feet on the whole of the gas, I am quite sure it would not?—That being the case, it constitutes nothing like an excuse for the Sunday work that the thing can be supplied to the public at that reduced price. With reference to the tables in this pamphlet I should like to say that they represent truly the condition of things for the works represented in them, but I do not think that they at all represent the worst features of the case. I sent out 10,000 forms of inquiry, of which 7,000 secured no reply at all. Now I think, that among the six or seven thousand who have not replied you will probably have very much worse cases than those which are contained in this pamphlet, so that the remarkably low average of 2·59 per cent., which is the average of 2,200 returns, the average of the Sunday work to the week-day work, I take it that that average must be considered at all events below the actual average for the whole country. These tables do not represent a very bad condition of things, but I think that they represent the most favourable side of the matter and that those who work carelessly, those who are employing a very unnecessary amount of work on the Lord's Day, are just the persons who would not fill up the returns and send them in. But with reference to the 2,200 firms in 17 branches of industry, to which these tables refer, they are, I have not the least doubt, a true and honest account of the work done on the week-day and on the Sunday. It has been laid before me very strongly in some works that the amount of work necessary to be done in various departments of industry is indeed very small if there is a determination on the part of the employers not to have it done. I was very much struck with the returns which were sent in to us from the great firm of Hawthorne, shipbuilders and engineers of Newcastle. They were so very remarkable that I went down to

Mr. *Livesey*—continued.

Newcastle in order that I might have the advantage of talking them over with the gentlemen who had sent them. They have two enormous works and they employ altogether more than 3,000 men. In their returns they said that no work was done on the Lord's Day that the whole attendance was one watchman in their shipbuilding yard, and one watchman in their engineering yard. I put it to them how it was possible to get rid absolutely of work on the Lord's Day in the great enterprise which they carry on there, and they did not hesitate to say that there had been a desire on the part of a good many of their men for Sunday work, but that they had always met it by saying that it should not be. The men represented to them, that non-fettling-up on the Sunday sometimes made it impossible to carry on work on the Monday or even on the Tuesday, and that they felt it was unfair that Sunday work should be avoided at the loss to them of an occasional day's work in the week. That was met by the manager saying to them: "I "have never known you men want a few "pounds for the Doncaster week, and I have never "known you want a few pounds for the New-"castle week; twice in the year it is with "exceeding difficulty that we can get any of you "to work at all from Monday to the following "Saturday on those two great race occasions. "We do not therefore think that you can plead "the necessity for work going on from Monday "morning till Saturday night, every week all "the year round, when it has to be secured at "the expense of employing a good deal of work "on Sunday for fettling-up." He then told me that having a very considerable number of very steady men, he always used those two weeks in the year, the Doncaster week and the New-castle race week, for all purposes of general fettling up, and that in addition to that, by never working on a Sunday he occasionally had to stop the works—very occasionally, perhaps three or four days in the year—on the Monday. But that keeping to these points and having them presented to the men from time to time whenever they come on deputation he had secured that work had entirely ceased in both their yards, and that a watchman for each was the whole of the work done on the Lord's Day. I should be very thankful if there were more of that throughout the country, a greater determination to get rid of the Sunday work, to start from the point, the assumption that Sunday work is a non-economical thing, a demoralising thing, a hurtful thing, and to attempt Sunday work only in cases of extreme necessity. That some cases of extreme necessity exist, I certainly am not prepared to question, but nearly all the work done in England above the minimum arrived at by the best firms is needless and might be put a stop to.

Mr. *Dale.*

5049. You have alluded to one case which I should think was an exceptional one at Liverpool, of the men scheming to force the employer to have Sunday work, but would you

Mr. *Dale*—continued.

not be of opinion that in the majority of cases it is the employer who initiates the Sunday work, either the men acquiescing or the men being obliged to acquiesce?—I should think that in the majority of cases the responsibility rests upon the employers, but there are a certain number of cases like that to which I have referred at Liverpool where the employers are overborne by the determination of the men to have the Sunday work. I do not know that they are frequent, but I have met with some very sad cases. One—I will name the place, it was at Stockton-on-Tees. The manager of the municipal gasworks there was a great friend of Sunday rest, and at former works where he had been he had reduced Sunday work to a very low minimum. I was rather suprised to find that, when I visited him at Stockton, a very large amount of work was done on the Sunday. He told me that he had endeavoured to the utmost of his power to reduce the work, but that he had been thoroughly beaten by the men; that they had got up cliques and coteries; that they had secured the election on to the Town Council of one or two men who had been elected for the purpose of worrying him into yeilding to the demands of the men, and that the determination of the men employed was so great that finally he had to yield, and a great deal of work was going on there which he utterly abhorred, which he had endeavoured to stop, which ought to be stopped, but which he was unable to stop.

5050. Do you say that he was referring specifically to Sunday work?—Sunday work.

5051. Of course it might be the case that the men employed at the gasworks had, with a view to some modification in the conditions of service, exercised their municipal franchise in a particular manner, not necessarily in order to bring about Sunday work, but to bring about something else?—I judge from the statements of the engineer, and from the statements made to me by the men themselves, when I went down into the yard afterwards, that that was the one bone of contention—he earnestly desiring to get rid of Sunday work, they very determined to continue it. That other questions might have been associated with it I cannot say, they did not come before me, either on the part of the engineer, or on the part of the men.

5052. Would your inquiries into the cause of Sunday work not go to show that in the majority of cases the men were either cheerfully acquiescent, or reluctantly acquiescent, and that the employer decided that his business required it, whether correctly or not is another matter? In other words, that the employer is the person who regulates the hours of labour in his establishment, and that upon him rests all responsibility for the amount of Sunday work that may be going on?—I think so.

5053. You have given us in fact an illustration in the case of Hawthorne and Company, in which the employer was able to enforce a certain decided view of his own as to the avoidance of Sunday work?—Yes.

Mr. *Livesey*.

5054. I do not know whether your memory quite serves you as to whether the Doncaster week would exercise any influence upon an establishment in Newcastle. I should have rather doubted it?—I should think that in the very large majority of cases the responsibility must be traced up to the employer that a great deal of the Sunday work is done grumblingly by men who do not like to do it, but who would probably lose their employment if they did not do it, and that there are other men who do it cheerfully, because of the larger wage. Where the work is the result of a bad disposition and combination among the workmen, where that is the case I should not take that as at all the average of things; they are exceptional cases, but they do exist.

5055. That Liverpool case, I think, must have been exceptional, because iron ties do not wear out every week. Is it not possible that you saw the engineer when that had just happened, and therefore that it is hardly fair to take that as a general illustration?—The returns of ties needing care, or needing to be removed, were made every week to the engineer, and it was the duty of this one officer to give his attention particularly to that, and to make his returns every week. My impression is that in enormous work, such as they have at Liverpool, some would need attention every week—I should think so.

5056. It is not a matter of much importance as it would not employ many men. Now about the Leicester case,* I am rather afraid that what you have stated about the engineer there may give a wrong impression, that he is careless about his men. You said he made the remark that it was better for them to work on Sunday—in effect to keep them occupied?—It is an exhibition of his care for them from his point of view, not of carelessness.

5057. I happen to know that his relation with his men is of a very satisfactory character; is it not possible that the determination or the reason why they work on Sundays is due to the corporation or municipality insisting on it, on the ground that it would be expensive not to work; that it is rather due to the municipality than to the manager?—My only knowledge is from the manager himself.

5058. And he made that casual remark?—He made that remark as accounting for the carbonising work on the Sunday in his works being precisely what it was on other days in the week.

5059. I should take it as a casual remark, and not as the real reason. The Leicester Corporation own the gasworks, do they not?—Yes.

5060. The ordering of Sunday work, or the cessation of it would rest with the committee and not so much with the manager, I think, would it not?—I should have thought it would have rested almost entirely with the manager in the position which he occupies.*

* See foot-note on p. 345.

Mr. *Dale.*

5061. I do not know how far you feel that you have dealt with all the points that you desire to bring under our notice?—I think I have mentioned all that I particularly desire to get on record, as the document itself is to appear as a return (*see Appendix* LXXXIII.).

Mr. *Tait.*

5062. You have given some cases of the men where they have indicated to their employers the desirability of their working on Sundays. You did not give any cases where employers had forced their men to work upon Sundays; are there any of those coming within your knowledge?—I am not aware that I can mention any case which has come under my notice where there has been anything like enforcing work on the part of the employers. It has not reached me in the way of complaint.

5063. Not by the men?—Not by the men.

5064. You came across all classes of workmen and working women, I presume, on this subject in your various observations?—In the 17 industries which are tabulated here, yes.

5065. What is their opinion as to the desirability of working on Sundays?—That it is altogether undesirable.

5066. You think the majority of the workers are against Sunday labour?—Judging from the restrictions imposed by trade unions, when men get together, speak over it and formulate their views, I should say that a very large majority, an immense majority, are opposed to Sunday work.

5067. One case you gave us of Hawthorne's people where there were only two men engaged, I think, doing Sunday labour, where they had about 3,000 men employed?—I would correct the numbers employed? On page 29 of the pamphlet it was 5,500 men, not 3,000 odd.

5068. They had only two men engaged?—Two watchmen.

5069. I think, if I understood you aright, you said that the management there were altogether opposed to Sunday labour, in fact under no conditions would have it?—Altogether opposed to Sunday labour, and had succeeded in stopping it.

5070. Have they had any particular cases before them, do you know, that really necessitated Sunday labour?—They had received deputations from the men asking for Sunday fettling-up.

5071. They were only opposed to the Sunday fettling-up; supposing anything was to happen to a steamer, or anything on which they had to make any repair, say that a crank-shaft on a marine engine was to break down upon a Thursday or a Friday, and they wanted to sail on Monday, what would be the position of Hawthorne's manager?—They did no work.

5072. Therefore they would not do that work?—They did not intimate to me that any circumstances of such absolute necessity had arisen as would have led to it.

5073. He did not indicate, supposing they were to arise, how he would act?—They did not.

Mr. *Trow.*

5074. Would you kindly tell us in connexion with what trades and what districts the men worked who told you that they wanted to work on Sunday in order to get full opportunities of drinking during the week?—I mentioned one—Stockton-on-Tees.

5075. The men told you?—The men told me in the yard.

5076. In connexion with what?—In connexion with my visit to the gasworks to discover what amount of work was done there on the Sunday. The engineer having told me what he thought about it, said, you had better go down into the yards and ask the men. I did so, and that was one place where the men gave that reason for preferring Sunday work and resting on another day in the week.

5077. You mentioned a dispute at the Stockton Gasworks. Are you aware that the dispute at the works was not over Sunday work, but over the manager discharging some men who were connected with the Society?—I beg your pardon.

5078. Are you aware that the dispute was not over Sunday work, but owing to the manager discharging some men who were connected with the Gas Stokers' Union at Stockton?—I learnt that neither from the engineer nor the men. No reference was made to that by either.

5079. But you referred to them electing men on the Town Council to deal with that question?—I did.

5080. That was the question they were elected to deal with and not with Sunday work at Stockton?—That did not come before me.

5081. Now, with regard to the burning of the ties at Liverpool, who burns the ties?—Who burns them?

5082. Yes?—The heat of the banks gradually weakens them and makes them unfit for their purpose.

5083. And the stokers are responsible for reporting to the foreman?—There is now a particular officer whose duty it is to take notice of the condition of the ties in all parts of the work. Till that special officer was appointed it must have been been the duty of somebody, I do not know who, to report, but the reports were made deliberately late in the week so that there might be work done on the Sunday.

5084. Do you know who repairs the ties?—Who repairs them.

5085. Yes?—The various ironmongers and mechanics connected with the works.

5086. The smiths?—Yes, the smiths.

5087. And in all probability the stokers who had burnt the ties would be deprived of the work on Sunday because of the repairing of the ties?—Because of the——

5088. Because of having to repair the ties. The smiths would get the work but the stokers who were responsible would lose their work on Sunday?—While the ties were being repaired there would be no work going on in that particular bank, yes.

5089. Therefore the men who burnt the ties got nothing by burning them but lost their

Mr. *Trow*—continued.

Sunday work, and the smith outside who had nothing to do with the firing of the retorts. got the work on Sunday?—I have not said that there was any deliberate burning or destruction of ties. I should be very sorry that that should appear for I did not say it. Nobody destroys the ties, but they perish in the ordinary course of being continually subjected to great heat.

5090. But the man who failed to report early enough would not benefit by the Sunday work in repairing the ties?—If he were a stoker he gains nothing in the way of Sunday work by not reporting, but if it be not his duty to report but the duty of a smith, then he, by postponing the repairs, might get Sunday work.

5091. But if the stoker wanted work on Sunday, would he not watch after ties and see that the report was given in in time?—I do not know.

5092. I see you have the iron and steel trades here?—I have on page 25.

5093. None of the manufacture is carried on in the iron and steel trade on the Sunday?—In the iron and steel manufacture?

5094. Yes?—The table does not show that. The table shows that a certain proportion is done.

5095. Not of manufacture?—In the production of iron and steel?

5096. In the repairs?—In the manufacture. The table shows that 9 per cent. of the week-day work is done on Sunday.

5097. 9 per cent. of the men employed are engaged on Sunday in doing repairs which are necessary to allow the remaining portion to work on Monday?—They are employed in other things than that.

5098. Will you tell me a single work where they are employed in manufacture on Sunday or on anything but repairs?—It is not an uncommon thing to fill up blast furnaces on Sunday which is entirely a matter of manufacture and not of repair.

5099. That has nothing to do with the steel trade nor the finished iron trade; and as you have only some 34,242 as the number employed, that does not include the number employed in the finishing department, leaving out the pig-iron trade?—This is iron and steel manufacture.

5100. Are you aware that about 7 per cent. out of the 9 per cent. whom you have got down for working on Sunday not only do not receive anything for the work done on Sunday but have to pay something out of their pocket?—I do not understand your question

5101. You have 9 per cent. here?—9 per cent.

5102. 7 per cent. of those go in on the Sunday and receive nothing?—I never heard of it.

5103. You should be more careful in your inquiries. They are working by the tonnage rate which covers all that is done on the Sunday, and it is not work on the Sunday but fettling on the Sunday; you referred to fettling for which these men get nothing; and it is not a work of choice there, but a work of compulsion, because unless they do it the work stands over the Monday?—I think I have been very careful in my inquiries, and I know that a very large amount of this 9 per cent. is employed in direct manufacture and not in fettling-up.

Mr. *Dale*.

5104. Are blast furnaces included in that column designated of iron and steel trade?—Iron and steel manufacture?

5105. Yes, but does that column on page 7, iron and steel, include blast furnaces?—Iron and steel manufacture—iron and steel includes all the work of blast-furnaces and all the work of conversion.

Mr. *Trow*.

5106. But in the converting department there is no manufacture going on on Sundays?—I believe there is. I believe that there are works where the puddling goes on on the Lord's Day.

5107. Will you give us a work—give us a certain work in the United Kingdom where a puddler ever works on the Sunday, or a mill-man—there are only two branches?—Messrs. Whitwell's work at Stockton.

5108. It never worked on a Sunday since it was erected?—The works have never worked?

5109. Not at puddling?—Mr. Whitwell himself told me not so long ago—a few months ago—that there was a good deal more work done than he thought necessary, but he said that he was unable to restrain and do away with it.

5110. Puddling?—I will not say that he said puddling.

5111. I state most unhesitatingly that there never was a puddler at work on a Sunday in the United Kingdom for this century at least; nor a mill?—"Nor a mill"—I do not understand that.

5112. There is only puddling and mill left after you leave the blast furnaces?—I would presume that the greater proportion of this work is in the blast furnaces. I know that a considerable proportion is in the blast furnaces.

5113–4. Then instead of 9 per cent., you should have put 90 per cent. down, for the blast-furnace men work continually, the same as the Leicester gas men?

Mr. *Dale*.

I suppose this may have been the case. Take Messrs. Whitwell's works, and assuming Messrs. Whitwell to have made a return which is embodied in the figures on page 7, under iron and steel, as the return of Whitwell and Company's works, that would include the whole of the men employed in all the processes, including those employed in blast furnaces as well as those of the finishing mills. Those returned as working on Sunday would be only those employed in the blast furnaces, or possibly to some small extent those who were employed in repairing and getting ready, and therefore you see the proportion of persons employed on the Sunday would be very small in the establishment.

Mr. *Trow.*

It would be 30 per cent. of the number of men employed by Messrs. Whitwell.

Mr. *Dale.*

All I point out is, that these statistics do not divide the processes up and give the number working in each process, and the number employed on Sunday. You lump together the total number of persons employed in the various processes, and only one of those processes probably engages any of its members on a Sunday, hence the figures being what you are criticising just now.

Mr. *Trow.*

Yes, but about 30 per cent. of Messrs. Whitwell's men are employed in blast furnaces on Sunday, if you take the whole of them. (*To the witness.*) Are you aware that the iron and steel workers of the North have brought this subject of the dispensing with Sunday labour before arbitrators?—I am not aware of that.

5115. And are you aware that Sir Rupert Kettle, who I think is one of the most competent arbitrators, decided that it would be impossible in the iron and steel trade to dispense with Sunday labour?—To dispense with it altogether?

5116. Yes?—That I perfectly agree with.

5117. Will you take it from me then that in the iron and steel trades there is not a man employed on Sunday that is not absolutely necessary?—I should accept that. But I should set over against it Mr. Whitwell's statement to myself.

5118. I will say more, that Mr. Whitwell himself does not employ a man more than is necessary on Sunday?—He mourns that he does—he did to me, I mean.

Mr. *Dale.*

I think to some extent the discrepancy between you is this, that Dr. Gritton includes in the heading, "Iron and steel," blast furnaces as well as puddling furnaces and rolling mills.

Mr. *Trow.*

Yes.

Mr. *Dale.*

Whereas you more particularly are concerned to point out that in puddling furnaces and rolling mills only those men are employed on Sunday whose labour is necessary in order that the general body of the men may start work on the Monday. Was not that so?

Mr. *Trow.*

Yes, but it is a small per-centage which are employed on Sunday if you take the whole.

Mr. *Dale.*

Yes, of course. You see that the small per-centage arises from Dr. Gritton not having sub-divided the statistics into the number of men employed in the forges and the number of men employed in the mills, and the number of

Mr. *Dale*—continued.

men employed in the blast furnaces. If the per-centage employed on the Sunday was the per-centage of blast-furnace men employed on that day in relation to the number employed on a week-day, it would be much too small, but if it is the number of blast-furnace men in relation, not to the number of blast-furnace men employed on week-days, but to the number of blast-furnace men employed on week days plus the forge men and others, you then would draw it down to these dimensions.

Witness.

May I say that the 9 per cent. does not represent the work in any particular manufactory anywhere. It is the average in 112 works employing 34,242 men.

Mr. *Dale.*

Then may not the matter be complicated in this way, that these returns may be built up of a number of firms some of whom had blast furnaces and some of whom had none at all, and some of whom had only blast furnaces.

Mr. *Trow.*

Really dividing it into two heads, it would be about 20 per cent. on one account and 4 on the other.

Mr. *Dale.*

You are quite right.

Mr. *Abraham.*

5119. Do you remember the time when the Bessemer steelworks at Landore commenced working on Sunday?—I do not.

5120. You are not aware of the fact that the men struck for several weeks against being compelled to work on Sunday?—Yes, I am perfectly aware of that.

5121. Are you acquainted with the copper trade and smelting works?—I know something of them at Landore.

5122. Do you know that it is a condition of employment that the men should work on Sunday there?—At the present time?

5123. Yes, at certain processes in that works?—I do not.

5124. You are not aware, then, that if a man refused to repair his furnace on Sunday he would not be wanted on Monday?—I am very much afraid that he would not be wanted on the Monday. I have known instances of that.

5125. So that, as a rule, the desire to work on Sunday does not come from the *employés*?—As a rule. I have already stated that I think the responsibility for it and the desire for it is on the part of the employers—as a rule, that is. But that does not exclude a considerable number of instances where the men are in fault.

5126. As to the figures about cotton, do you want the Commission to believe that there is any cotton manufacturing carried on on Sunday?—The tables show that there is of Sunday work 0·17 per cent. in the returns as made to us.

Mr. *Abraham*—continued.

5127. But could you inform us at what they are employed on Sunday?—They are chiefly employed on the Sunday evening in getting up heats, chiefly that; but a certain proportion are employed in fettling-up and repairs.

5128. Is there any manufacturing of cotton in any shape or form carried on on Sunday?—For the actual processes of the manufacture of cotton?

5129. Yes; weaving and so forth?—Throughout Great Britain I do not think you will find one.

5130. Then it is confined to the necessary work on Sunday in order that the work of Monday may be carried on?—I should eliminate the word "necessary," because I know firms where it is absolutely prohibited—all work of fettling-up and repairing on Sunday is prohibited.

5131. But my impression was this, that would show that Sunday work is necessary in order that the work should be proceeded with on the Monday?—Certainly not, in every case. Work up till midnight on the Saturday and work from midnight till the opening of the mills on Monday morning does in cases obviate altogether either cessation of work on Monday or work from midnight on Saturday till midnight on Sunday.

5132. Then you do not care much if they work up till 12 o'clock on Saturday and commence work at 12 o'clock on Sunday night, if they do not work in the intervening hours?—I am not prepared to say that. I think that excessive night labour anyhow, or any day in the week, if it be needless at all or not absolutely necessary, is an evil. But in preparing these tables and in making these investigations I had nothing to do but with the hours of the Lord's Day. They profess to be tables showing the proportion of Sunday labour to the week-day labour.

5133. What is your opinion with respect to this; if a man works on Sunday can he recover wages by law?—By law? I should say he cannot recover wages because the work itself is contrary to law; but I have never known a case in which it has come into the courts or been decided.

5134. Then where it is possible to carry on work without Sunday labour it is your opinion that it should be done away with?—It should be done away with absolutely.

Mr. *Trow.*

May I simply state that that point has been decided by law in Middlesborough. There a man sued for his wages and included Sunday labour, and the judge non-suited him because it was illegal, it being work on Sunday.

Professor *Marshall.*

5135. Do I understand you that you think it is better that people should work till 12 o'clock at night on the Saturday and get up at 12 o'clock on the Sunday night to begin to work than that they should do a few hours of work on Sunday in cases in which one or the other is necessary?—I do not hesitate to say that I think it would be better to do the work at night than to do it during the hours of the Lord's Day.

Mr. *Gerald Balfour.*

5136. You consider all Sunday work above the minimum arrived at by the best firms unnecessary?—Unnecessary.

5137. Have you any practical proposal to lay before the Commission by which that unnecessary work could be got rid of?—I desiderate the expression of opinion on the part of the Commission that all work above the minimum should be got rid of. If your question means, am I prepared to show how it can be got rid of, I am not prepared to give a direct and simple answer. It may be got rid of by determination on the part of the employers or men, or both combined, by a stern starting from the assumption that all Sunday work ought to be done away with, unless an absolute necessity can be pleaded for it.

5138. You do not see your way to get rid of it by any legislative enactment?—I should have no more hope of further legislative action than I have from existing statutes, which forbid the work, but which statutes are largely broken and despised.

Mr. *Dale.*

5139. Would you just turn to page 8 and also page 18 of your tables. On page 8, on the third line, of 249 men the per centage is ·10, and on page 18 it is put as 249 men, proportion ·17. I dare say there is an explanation, but I do not see quite what it is, which will explain the discrepancy?—I am not prepared at the moment to account for that difference. In one case it is ·10, and in the other case it is ·17.*

5140. But it may be that the 249 in the one case forms a per-centage of one number, and in the other case it forms a per-centage of another number. However, it is not of very great importance?—I would like to say that in putting this document into the hands of the Commission for use, there are three or four minute corrections in numbers which I have made in this copy.

5141. That is the copy which you will kindly pass to the secretary?—Yes (*handing the same to* Mr. *Drage*; *see Appendix* LXXXIII.).

* This error has been corrected in Appendix LXXXIII.

The witness withdrew.

Mr. ROBERT WALKER called and examined.

Mr. *Dale.*

5142. You are the organising agent of the Traders' Defence Association of Scotland?—I am.

5143. And you appear here to give evidence on behalf of that body?—I do.

Mr. *Dale*—continued.

5144. You ask, according to the letters that have been addressed by you to the secretary, to be afforded an opportunity of giving evidence rebutting certain evidence which was given

Mr. *Dale*—continued.

before this Commission on the 25th and 26th October ?—That is so.

5145. Have you got a print of the evidence before you which you desire to comment on ?—Yes, I have.

5146. I think it would be most convenient if you would turn to the various parts of the evidence so given which you desire to rebut ?—Very good.

5147. Before doing so, perhaps you would just tell us the constitution and objects of the Traders' Defence Association of Scotland. Of whom is it composed ?—It is composed of wholesale and retail merchants in every trade, and also of manufacturers and employers of labour.

5148. What are its objects ?—Its objects are to inform the public by lectures, pamphlets, &c., in regard to the injurious effects of co-operative and civil service stores on the trade of the country; to use every legitimate means to bring before the Legislature the unjust burden which traders have to bear in comparison with those stores in reference to income-tax, &c.; to encourage traders to abolish credit and adopt the cash system of business, and other matters.

5149. How many members does it possess ?—We have members in over 120 towns in Scotland.

5150. When was it called into existence ?—About four or five years ago, I have not the exact date with me.

5151. Where are its head-quarters ?—Our head-quarters are at Glasgow. Our secretary's office is at 67, West Regent Street, Glasgow.

5152. Would you now turn to the first evidence upon which you desire to comment. Is that the evidence given by Mr. Mitchell ?—It is the evidence of the different gentlemen who were representing the co-operative bodies, and it is in a sense a little mixed up in regard to the different clauses, because both of the gentlemen who represented the two Wholesale Societies were giving evidence dealing with the same points, so that in each of the clauses in the summary of our evidence, of which you have copies, reference is made to what has been said by both of those gentlemen.

5153. Yes, but I think it would be more convenient if you would simply direct our attention to question and answer, number so and so, and state to us in what respect you think the answer is inaccurate ?—I have put it in this way, that in regard to each of those clauses in the summary of our evidence, I have marked down the number of the questions and answers of the co-operative representatives which refer to what has been said.

5154. That will do what I am suggesting ?—I think I can do that as I go along, so that there need be no difficulty in turning up the exact answer in the evidence of the co-operators. I may be allowed first of all to state as regards the general object of our Association that we have no objections whatever to the true principle of co-operation. The objection of our Association is the present delusive dividend-giving system which goes by the name of co-operative societies, and which is doing so much harm to the trade of the country without giving any compensating benefit. The co-operative leaders themselves define their movement as doing for themselves what they have hitherto paid others for doing for them, but it really means that they are going to be their own grocers, and bakers, and shoemakers, but the grocers and bakers and shoemakers who hitherto have employed them are still to supply them with employment and wages, so that they may have the money to spend in purchasing goods from the co-operative stores, and in supporting their co-operative productive works.

5155. That is hardly rebutting the evidence which has been given before us ?—But it leads up to the remainder of the evidence we have to give. Then another object that we might bring in is this, and this is where the evidence deals very considerably with the labour question. This system of co-operation is not self-supporting; it exists solely and entirely by private enterprise——

Professor *Marshall.*

5156. What is the number of the question to which you refer ?—I am referring in the meantime to the general tendency of the statements made by the co-operative representatives.

Mr. *Dale.*

5157. You see co-operative witnesses have come here and made before us certain statements tending to show that the existence of co operative societies, more especially amongst workmen, tends to improve their position, and to harmonise their relationships with their employers ?—To which we give a general denial.

5158. Of course the general body of private traders may have competing interests with those of the co-operators which we have no concern with. We are not inquiring into that. As I understand you desire on behalf of this Association to rebut certain statements made by the co-operative witnesses which you think you can show us to be incorrect or to need qualification ?—In that case the first definite statement that I would refer to is on the question of income-tax, which was brought up several times by the co-operators. They objected to income-tax being imposed upon them. These co-operative societies, although registered under the Industrial and Provident Societies Act of 1876, are not friendly societies, but simply associations trading for profit, and as such should be subject to like taxation with the general body of the traders. Not being friendly societies, they have been in more ways than one exempted from the burdens which have fallen upon the other traders.

5159. Can you mention the Act of Parliament under which co-operative societies are exempt from income-tax ?—They are not exempt from income-tax under any particular Act of Parliament, but they are exempt in this way. Under the law as it at present exists, the Government

Mr. *Dale*—continued.

could tax those co-operative societies, but first of all the Government would have the initial expense of the collection of the income-tax from those societies, and when that was done, as the vast majority of the members of those societies belong to the working classes and are in receipt of weekly wages, the Co operative Central Board would take very good care that the whole, or at all events a great majority of them, applied for a rebate, and the result would be that the Government, after having been at the initial cost of collection of the income-tax, would have to pay it back again in an infinite variety of small sums, and that would have to be done at an expense, the result being that if they were interfering with these societies as regards income-tax there would be a serious loss to the revenue. Now, as you will find from the copy of the Bill that we have printed on page 4 of our summary, the idea that we have is this, that doing 50,000,000*l.* of the trade of the country, as these co-operative societies are doing, they should bear a burden proportionate to the 50,000,000*l.* of trade which they do for the maintenance of the State. They are abstracting that 50,000,000*l.* of trade from the private traders of the country, and on the reduced trade the private traders are paying their income-tax. As it at present stands the private traders will still continue to pay all the taxation, and we submit that the easiest way, and the simplest way, out of the difficulty would be by adopting that draft Bill (which of course we do not mean to introduce into Parliament and we cannot, because dealing with financial matters it could only be introduced by the Chancellor of the Exchequer), but in that Bill we submit that each society should be treated as a unit for the collection of the income-tax without rebate to any individual member or shareholder thereof. (*Copy of Draft Bill handed in; see Appendix* LXXXIV.)

5160. Now let us pause at that point. Supposing an ordinary limited liability manufacturing company to consist exclusively of persons whose income from all sources is such as to exempt them from income-tax, then that ordinary manufacturing company would pay income-tax upon its profits, but every member of it would be able to recover from the income-tax authority the income-tax that was attributable to his dividend?—As the law at present stands he could.

5161. And therefore such limited liability company not being a co-operative society at all, but constituted in that manner would, in fact, not pay income-tax?—Not as the law at present stands.

5162. Then do you propose that a distinction should be made, and that if instead of being an ordinary limited liability manufacturing company it was a co-operative society, it should pay income-tax, and that those members whose incomes are below the taxable amount should not have that income-tax recouped to them?—No, I make no difference; you will find we include limited liability companies, and joint stock companies, and all co-operative societies.

Mr. *Dale*—continued.

5163. This is a Bill not directed solely to co-operative societies?—Not at all. It would be very unjust to ask that measure to be passed for co-operative societies alone.

5164. Then this is rather an income tax scheme—a scheme for the improvement of the incidence and burden of the income-tax?—That Bill is only to show our ideas as to taxation. We are only referring to it as regards co-operative societies, because it had been said that if you tax their incomes it would be taxing the poor man's income.

5165. We could hardly go into a general income-tax measure?—No; I refer to it entirely as regards co-operative societies, and I mention it to show that in that Bill we include limited companies as well. It has nothing to do with the present examination, but it has been stated that the taxation of the co-operative societies would be the taxation of the poor man's income, whereas it would be nothing of the sort. If a man makes 120*l.* a year, we do not wish to interfere with it in the slightest, but if he gets 5*l.* or 10*l.* dividend out of the co-operative societies, we say that as that is gained by an interference with the trade of the country, and the tax-paying portion of the trading community, that under our scheme he ought to bear his proportion of the income-tax the same as the ordinary trader does.

5166. Even though his total income is below the taxable amount?—Even though his total income is below the amount: but leaving his income which he gains from daily employment alone.

5167. Then what would be the treatment, in your view, of the shopkeeper whose income did not exceed the taxable amount?—Then his income, not exceeding the taxable amount, would be treated in the same way as the working man's income not exceeding the taxable amount.

5168. Then the member of the co-operative society, that is the man who is one of several associated tradesmen, is to have, in your opinion, the profit derived from that associated trading taxed; but if he were carrying on, as a small shopkeeper on his own account, the same sort of business as a co-operative trader, his profit would not be taxed?—If under 150*l.* a year. Our reason is that it is apart entirely from his daily employment. Were he, like the shopkeeper, engaged from morning till night in the work of distributing the goods of the co-operative society it would be a different matter, but it is what might be termed an unearned increment. It is apart from his daily employment and labour, and is gained by interference with the tax-paying portion of the trading community.

5169. We will take this to be your view; but we need not follow it further?—It could be done; the Government has already taken a step in that direction within the last two years by imposing upon co-operative societies the use of receipt stamps, which formerly they did not use to the same extent as private traders. There

Mr. *Dale*—continued.

would be a danger to the taxation of the country from the spread of the co-operative movement.

5170. I understand you to say there is no law under which profits made by co-operative societies and paid out as dividend are exempt from income-tax?—There is no law. The Government does not tax them, because ultimately it would result in a loss by them having to pay back the sums paid for income-tax.

5171. That would prove that they were not taxable by reason of the dividends which are received being received by persons whose total income did not amount to the taxable sum?—That is so.

5172. Now would you direct our attention to any particular statement that was made before us, and which you wish to controvert or qualify?—Mr. Mitchell, in his answer to question 144, referred to the co-operative societies as being a public benefit. We contend that that is not the case, that that is not true; they are no public benefit, and not being associations for public benefit they should not receive any special privilege from Parliament such as they were endeavouring to have last year in the way of having Parliamentary powers for the compulsory acquisition of sites for co-operative buildings, whether those buildings were for sale or not. That was a clause which they wished to get into the Act enabling local authorities to purchase land.

5173. He says, "Our existence is most emphatically a benefit to the community, and if everybody would try it the world would be better off than it is to-day"?—Yes; but we believe it is no benefit to the community in the slightest degree; but that instead of that it is a harm, not only to the individual members of the stores, but it is a serious harm to the general trade of the country. It is destroying the means of subsistence of a considerable number of them already, and as co-operation spreads it will reduce more and more the possibility of even the members of the co-operative societies themselves receiving employment and wages. The aim of co-operation, as they make it, is the extermination of all private enterprise, retail, wholesale, and manufacturing.

5174. There are a large number of persons who, through their spokesmen, say that this system is an advantage to them. They must be able to judge of wherein lies their advantage?—We have never been able to find it.

5175. I thought you were going rather to direct our attention to some statements made reflecting upon the traders, and which were unfair?—Very unfair.

5176. But we have not come to that yet?—No, not yet; but I wish to state that the aim of co-operation, as openly avowed by its representatives, is the extermination of all private enterprise, retail, wholesale, and manufacturing; and if you will allow me I will read one or two sentences from answers given by gentlemen before the Commission, showing that that is their object. I refer to Mr. Mitchell in his answer to question 46. He said their object was to buy direct from the producer, and so to avoid the middleman. In question 299 he contemplated the time when everybody in the country would be members of co-operative societies. In question 307 he contemplated a system under which all production should be carried on by his society. In answer to question 309, he said that their system of co-operation was well suited to universal production; and in answer to question 370 he said that they wanted to get control of the trade of the country and so on, and Mr. Maxwell followed with several other remarks of the same kind.

5177. Then you do not like that; that is what you have got to say?—It is not exactly that we do not like it. We are not here in our own interests alone. We consider in our opposition to this most delusive and pernicious system of trading that we are acting as much in the interest of the deluded members of the co-operative societies themselves as we are acting in our own interests. We feel that there is a very serious menace to the trade of the country in the continued existence of this co-operation, and we feel that the workers of the country by bolstering up this system of co-operation are doing a very great harm to their own future, and to the future of their children as well; and as a whole I might say in one word that the whole system of co-operation from beginning to end is a sham and a delusion, as is shown by the officials of co-operation themselves, and by the paid advocates of co-operation and other officials. Instead of sticking to the principle of co-operation they send their children, and they themselves go to private enterprise for their work and for their wages. As soon as possible they either start for themselves or start their children as private traders themselves, and yet pose upon public platforms as being in favour of co-operation.

5178. In distributive co-operation the number of persons employed must be very small?—Very small indeed.

5179. In distributive stores there could not be as large a number of persons employed as there are customers?—Certainly not.

5180. Therefore if you mean that the member or customer of the co-operative stores is not a worker in it, and that his children are not all made to be workers in it, it is obvious that they could not be?—They could not be, but we submit that co-operation could not give employment to its members and that it exists through private enterprise.

5181. Then have you not rather to bear in mind the two forms of co-operation, distributive and productive?—We must take them both together.

5182. Do I understand you to think that co-operation is a delusion because the large number of persons who may be members and customers of co-operative stores are not workers in them?—Not because of that. Where we say that co-operation is a delusion is this: Mr. Maxwell stated in reply to one question here that

Mr. *Dale*—continued.

the parties who were members of co-operative societies save from 10 to 15 per cent. by dealing with the co-operative stores more than they would if they were dealing with private traders. That is simply an untrue statement.

5183. Just go back to the other statement. You spoke just now as if you gave as evidence of the delusiveness of co-operative stores that the members of the distributive co-operative stores do not work at it?—No, excuse me, I referred to the officials of co-operation who posed upon public platforms.

5184. But the officials are employed at it and must be so from the fact of their being called officials?—The persons I referred to as officials are paid advocates of co-operation and paid delegates to attend meetings and other officials, and the committee-men of the stores who are all or nearly all with one or two exceptions receiving their employment and wages from private enterprise.

5185. That must necessarily be so?—What I wanted to show was that while they preach the principle of co-operation they do not believe in it themselves.

5186. But they believe in it by dealing in it at their distributive stores?—We find pretty frequently in their own paper, the "Co-operative News," statements that the committee-men are very poor purchasers, and that shows whether they believe in the principle of co-operation.

5187. That is a question hardly capable of being decided here?—Now, as regards labour, and still regarding the statement I made that the aim of co-operation was the extermination of all private trade, that would be a serious matter for the trade of the country and the workers. If this co-operative millenium, as they call it, this universal co-operation, were arrived at, the result would be that a considerable number of the works which at present provide employment for a very large proportion of the people would be destroyed without co-operation offering anything in its place.

5188. How would that happen? Either the co-operative productive society superseded the private enterprise carrying on a particular business or it did not. If it did supersede it, what would be the change? It would not be a change in the number of persons employed, it would only be a change in the character of the association?—No, there would be a very serious diminution in the number of people employed all over the country.

5189. For the same amount of production?—For this reason——

5190. For the same amount of production?—The production would be very considerably altered. Co-operative advocates themselves admit that the result of this universal co-operation would be to bring all to one level.

5191. What do you mean when you speak about bringing all to one level?—If it came to be universal co-operation all the people in the country would be on one level. They say they raise all to one level. We admit the levelling, but we deny the raising. Take their own statement that all the people in the country would be on a level the Commission——

5192. Where do you find this statement about being all on a level?—That statement is not there. It is not given so far as I have read, but these other statements that I have read that they wanted to get the control of the trade of the whole country and do away entirely with all middlemen, &c., I put into the terms they used here and into the terms of the expressions used by them all over the country, that their object is universal co-operation, and I am suggesting from what they have themselves admitted through gentlemen who were here giving evidence before you, that that means universal co-operation, and that universal co-operation would mean bringing all to a level. Now if we take their own statement of what would be the result of this universal co-operation what would it lead to?

5193. You are talking of some statement that you say they have made, and some statement which you say they have not made out?—Not made here, but I say that they have made it.

5194. We can only deal with what has been stated here?—We have shown you, and in their answers it is shown that their object is universal co-operation, and I am stating in my own words this, that the result of universal co-operation which is referred to in their evidence, would be the bringing of all to a level. The natural result, as the Commission can all see, would be that a considerable number of the manufactures of the country will be abolished by that levelling, such as manufacturers engaged in works of taste and art and elegance, all the parties who are employed in making articles for the middle and upper classes, will have their occupation entirely done away with, and co-operation will offer nothing in their place, and therefore the natural result of that would be that a very considerable number of people would be thrown out of employment with no other means of existence being offered by the co-operative societies. The result would be a considerable swelling of the class of the unemployed, and at the same time a shutting up of the shops and warehouses, and shutting out of employment all the thousands that are engaged in these classes of work, who would be quite unfit for any other employment but the particular special kind that they have been trained to, and they would all go to swell the unskilled labour market. That is a very serious question, and anyone who has gone into the matter, and looked earnestly and seriously at it can see that the result of the further spread of co-operation, not to talk of it coming to universal co-operation, would be a most dangerous matter for the trade of the country, and for the working classes in the country.

5195. Now we have afforded you a pretty full opportunity of expressing those general views which of course one cannot fail to remember proceed from those whose competitive interests are in conflict with those of the co-operators, but I think it would be convenient now if you addressed yourself to those points in the evidence

Mr. *Dale*—continued.

given by Mr. Mitchell or by Mr. Maxwell, which you say reflect unduly or improperly upon the private trader?—Very well. In paragraph 9 of our summary you will find that.

5196. Yes, but I think you might give it me in the form of referring to the number of the question and answer?—Mr. Maxwell, at question 422 in the last clause of the answer says, "Speaking generally, co-operators in Scotland "save from 10 to 15 per cent. by dealing at the "stores, besides receiving 5 per cent. on their "share capital, and generally 4 per cent. on loan "capital." Mr. Mitchell, in answer to question 61 at the end of that answer says, "Referring "to the purchasing of goods from the co-"operative societies we endeavour to conduct "our productive establishments with the highest "regard to efficiency of workmanship, combined "with the sufficient remuneration and comfort "of the worker. We produce goods for sale "only in our co-operative stores, and we "encourage all our workpeople to become "members of the local stores, in order to obtain "the best goods, made under the best conditions, "for which only a fair price is asked, and on "which they get returned any surplus which "would otherwise be intercepted by the middle-"man retailer." There are various other answers to a similar effect, the meaning of which is that the dividend declared by the co-operative societies, and handed by them to their members, is the shopkeepers' and merchants' profit. You may take that to be the meaning. Now as those dividends that are given by the co-operative societies vary in different places, from 6*d.* to 5*s.* in the 1*l.*, we assert that it is shameful wickedness on their part in endeavouring to damage the character and interest of the private trader by pretending to the people that he gets from his customers as much as 5*s.* in the 1*l.* Mr. Maxwell has stated in the answer to that first question which I read that co-operators in Scotland save from 10 to 15 per cent. by buying in the stores instead of in the shops, and that they also receive 5 per cent. interest on capital, and 4 per cent. interest on loans, that means that they get a good deal of saving, for it is 15 per cent. upon their goods. Now I have simply to state that that statement is untrue. Tests have repeatedly been made of the goods in the co-operative societies, as compared with the goods of the private traders' shops, and in every case where those tests have been made it has been found that even after deducting the dividend, there was a balance against the co-operative societies, and in many cases with that difference in price there was also a difference in quality against the co-operative societies. Mr. Maxwell has also stated this, and I do not know whether you will allow it to be mentioned here, as he did not state it here.

5197. I do not think that we can have anything but what is stated here?—Then I repeat again this regarding his statement about the saving, that we have over and over again tested the matter, and found that statement to be wrong, and that instead of this dividend that was given back being a monetary benefit to the members of the co-operative societies, instead of its being a saving, was only a portion, and in some cases a very small portion, of the extra price that had been charged them for the goods that were sold; and in their paper, "The Co-operative News," we can repeatedly find members writing and referring to the high prices that were charged by the co-operative societies, and referring also to this matter of the difference in prices between the stores and the shops. I would also put this matter forward. If it is the case that the co-operative societies do as Mr. Maxwell said, effect a saving of from 10 to 15 per cent. to their members, how is it that the whole country has not long ago flocked into the co-operative societies to purchase their goods there. It shows that the general public, more especially that section of the general public which is not subject to some of the undue influences which are at work in favour of co-operation, knows perfectly well that far from being a benefit, co-operation is a delusion. That is in reference to question 699. I may say had I expected the examination to be led in this way, I would have arranged accordingly, but I expected it would have been question and answer.

5198. Your own letters asked to be afforded an opportunity of giving rebutting evidence?—Yes; but I expected we would have been questioned clause by clause on the matter submitted in my paper.

5199. I do not think it would be convenient to adopt that course, because I think that some of the statements made in your proof are not such as it would be proper for you to give here, or for us to receive. I refer more particularly to number 9, in regard to which no statements have been made before us, that would justify the manner in which they are referred to? This answer that I was referring to just now refers to number 699. The question is, "Now, what "is the Wholesale doing to propagate co-operate "ideas?—We keep ourselves open to attending "any meetings and co-operative literature is "being circulated, and on every occasion when "attacked, defend our position. We accept "every invitation when we have an opportunity "of laying our views before the community. "In these ways we think we are keeping the "movement somewhat in front of the public, "but the difficulty I may add, if I may be "allowed, is a great one, because the prejudice "is very considerable against us." Now, we assert that in this matter to which he referred, and these public meetings, and in that co-operative literature which they have had printed and distributed——

5200. There is hardly anything I think in this answer that you can controvert, is there? You do not say that they do not keep themselves open to attend public meetings?—No.

5201. You do not say that co-operative literature is not being circulated, and you do not say that when on any occasion they are attacked they do not defend their position?—No; but we would like to let the Commission know what he means

Mr. *Dale*—continued.

by those statements, or rather to what he is referring.

5202. We must judge for ourselves as to what he is referring. If he has made any statement here that reflects upon you, go into that?—At those meetings that they attend statements are made regarding private traders which are most disgraceful.

5203. I think we cannot go into that. We have not before us the speeches made at such meetings?—You have not—nothing further than the reference by Mr. Maxwell that that has been done.

5204. You would then be proceeding to controvert something of which we have no knowledge at all, namely, speeches made at some meetings?—Yes; the speeches referred to in the question.

5205. But we cannot go into that?—Very well; then I go to question 157. Mr. Mitchell there stated that their system of co-operation was conducive to thrift. We deny this, and declare that thrift is being destroyed by this false system called co-operation.

5206. Then what do you mean by that?—We mean by that that the present system of co-operation prevents the people spending their money to the best advantage. It prevents their going where they choose for the article most suitable for themselves. When they go to the co-operative societies for their goods they have to take what is provided, and pay whatever price is charged by the stores, and it is an everyday occurrence that they have to spend hours waiting to be served at those stores, thus losing valuable time which would have been better occupied possibly in home duties.

5207. You say they cannot go where they like, but they voluntarily become members of the co-operative society?—Not always voluntarily. Pretty frequently there is a considerable amount of pressure brought to bear upon the people to join the co-operative societies. That is a known fact.

5208. Do you mean that if at, or in the neighbourhood of, some large industrial establishment a co-operative store is established, it does not rest upon voluntary membership?—Apparently it rests upon voluntary membership, but there is a good deal of pressure brought to bear upon the people to join these co-operative societies.

Mr. *Courtney.*

5209. You mean they are urged by their neighbours to join, so as to make a better and bigger concern of it?—I was not referring to neighbours.

5210. What then?—Pretty frequently where there are works the co-operative society gets the foreman and "gaffers" at the works on to the position of being paid committee-men at the stores, and you will pretty often find that when a foreman in a work is put into that position of being committee-man in a store, the workers under that man begin to join the co-operative society. We know a case where pressure has been brought to bear upon them to join, but we submit that, even supposing the foreman were thoroughly honourable in not exercising his influence to cause the workers under him to join the society, the simple fact of his being a committee-man or president of the society is an inducement to the workers under him to join the society, possibly for the purpose of currying favour with him, or being in the same business as the foreman is. Then as to the matter of thrift, we further assert that instead of being conducive to thrift, it is the very reverse, when the people have to pay 3*s.*, 4*s.*, or 5*s.* in the extra price for every 2*s.* 6*d.* dividend that they receive. I again refer in that matter to the test I talked about before.

Mr. *Dale.*

5211. But unless the store is mismanaged, anything extra that they paid in price they get back again in dividend?—I submit that they only get a portion back in dividend.

5212. Do you mean the rest goes in administration, or what?—I cannot say where it goes, but the simple fact is that in a very great many instances, if you deduct the dividend from the price of the goods purchased, you will find they still pay more than they would have paid to the regular cash shopkeepers in the district.

5213. So far as that was the case, that would come under the head of mismanagement?—It is hard to say under what head it would come. One would require to go thoroughly into it, and make a thorough investigation of each particular society to say anything of that sort. Then, in answer to question 60, Mr. Mitchell says the benefits of co-operation are brought within reach of the poorest of the artisan classes. Now this is not the case. It is a well-known fact, as Mr. Maxwell himself admitted, I think in answer to question 558, that co-operators have the best of the working classes. They have not brought co-operation within the reach of the poor, and the reason why they have not got the poorer of the working classes to be members of the co-operative societies is simply because of the high prices that they have to pay for their goods to enable them to declare a dividend, which practically shuts the door of the co operative societies against those who cannot afford to pay a good price for the goods that they are getting. A good deal of course has been said by the co-operators about it being time they were beginning to benefit the lower sections of the working classes, but so far it has been talk, and nothing more, and the statement that it is brought within the reach of the poorest is a statement which neither Mr. Mitchell nor any other co-operative advocate can prove, because they have not done so, and that is principally because of the high prices that are charged for the goods that are sold in the co-operative societies.

5214. You mean a man with very small wages finding that if he dealt with the stores he would

Mr. *Dale*—continued.

have to pay more for his necessaries of life than at a neighbouring shop, although he got it back ultimately, or more than got it back ultimately in dividend, cannot afford to pay that high price in the first instance?—He cannot afford to pay a higher price, but we do not admit that he gets the difference in the price back, not the whole of it. Then as to co-operative production, as Mr. Maxwell stated, being always a success, and giving a continuity of employment, referred to in question 449, there have been a very considerable number of failures in co-operative production—an enormous number of failures. In the "Co-operative News" in the last eight or nine months there have been a series of articles——

5215. What is the particular part of the answer to question 449 that you are commenting upon; it seems to me that that answer simply describes the arrangements of the Scottish Wholesale Society?—It is an answer referring to the continuity of employment which they give; but, as Mr. Maxwell himself admitted there in that answer, in certain of their works—in the mantle department and others—they cannot give continuity of employment, and one matter I would like to bring before the Commission in connexion with the continuity of employment is this, that that employment is based upon a tied market, that they have their own markets for their goods, and they can get whatever price they require for their goods; and I say that that continuity of employment can only subsist so long as that tied market is in existence. I would submit that were a complete separation to take place between private enterprise and co-operation, that is, were private enterprise to decline to employ co-operators and refuse to give them employment, the demand for the productions of the co-operative system would cease, and with it the tied market would cease, and with that even the possibility of giving employment at all.

5216. But dealing with the thing as it is, you do not dispute the accuracy of the statement made as to the particular extent and character of the operations of the Scottish Wholesale Society, as described by Mr. Maxwell, in his answer to question 449, do you?—No. Then going back to the question of the income-tax Mr. Mitchell, in his reply to question 227, and in the following four or five answers, states that were the income tax imposed upon the co-operative societies, and they reduced their prices so as to sell for cost and charges, which is abolishing the dividend, the result of that would mean that all trade would go into the co-operative stores.

5217. I am not quite certain what it is you are commenting upon?—I am putting it in short.

5218. Will you state it again?—The statement is that if income-tax were imposed upon co-operative societies, and they reduced their prices so as to sell for cost and charges, which would be abolishing the dividend, that would mean that all trade would go into the co-operative stores. That is, in short, what Mr. Mitchell stated in answer to this question.

Mr. *Dale*—continued.

5219. I do not see it there?—Beginning with question 227, and you will find it more particularly in questions 234, 235, and 236.

5220. I do not see anything there that would be correctly paraphrased by what you stated just now?—It is so.

5221. Will you say what you have to say?—I have simply to say that that is a hollow pretence and evasion of the question on the part of Mr. Mitchell.

5222. What is the hollow pretence?—That the reduction of prices so as to abolish dividend would gain all the trade of the private traders into their own societies. He knows perfectly well, as do all the co-operative advocates, that the private traders of the country would heartily welcome the abolition of the dividend. We would feel then that there was a little more fairness in the competition between private trade and co-operation, and we would be only too glad that the co-operative societies should abolish their dividend, and sell as near cost as possible, only charging sufficient to pay the expenses of distribution—that would be a fairer trial of strength between co-operation and private enterprise. We are anxious that that should be done, because we feel that were it done co-operation would not exist at all. Then as regards the system of auditing referred to by Mr. Maxwell, in answer to question 421, "What provision do "you make for the prevention of fraud?—"The audits are conducted by some of the "chosen members of the movement, who have "generally to make a statement publicly to the "members as to how they found the accounts "of the society, as well as sign the balance "sheet. The history of co-operation proves "how well these working men auditors have per-"formed their duty." We have instances of late that their system of auditing has not been what Mr. Maxwell represents it to be, and we submit that if the Commission takes that matter up at all, and if there should be any reference to that in your Report, the audit of these societies should not be done as at present by individual members of the societies, but by regularly appointed official auditors. We know what has taken place in connexion with some of the building societies of late, and as Mr. Mitchell himself says in one of his answers to question 187, what they ought to look after was the security and safety of the working men's money. We submit that their system should be altered, and that instead of it being done by individual men whose business training does not fit them for that position, it should be done by regularly appointed official auditors.

5223. I think we can hardly go further into that. That is hardly a reflection upon the private traders?—That is part of my evidence referring to answers given by the co-operators.

5224. You see we have only a very indirect interest in questions of co-operation at all?—Very true.

5225. It is not one of the primary objects of our inquiry; it has only an indirect bearing upon it?—Certainly, and had it not been for the co-operators introducing all these matters, some

Mr. *Dale*—continued.

of which are very much apart from the business of the Labour Commission, we certainly should not have troubled the Commission with them.

5226. We expected that you would speak on some of the points which reflected upon the private traders?—Yes, and I was stopped from referring to them.

5227. You have had your opportunity of suggesting your view as to the expediency of the public auditing of the co-operative societies' accounts?—Yes, that is because it has been found that there were instances where there were accounts of stores audited by members and dividends declared, and yet they were not able to pay them.

5228. We have given you a considerable latitude, and I think you must confine yourself to what you came here to do, that is to say, to give rebutting evidence?—Then the next thing I have come here to say is that you will find there are several references by co-operators to the question of credit. They say that it is only sometimes given in the co-operative stores. Now we have statements here showing that there is a very considerable proportion of co-operative societies that do give credit, and we assert that as regards this credit the private traders are actually doing more to stop it than the stores do. Private traders who declare themselves to be cash traders stick to their word and demand cash, whereas the co-operative societies, or a very considerable proportion of them, have been and are giving credit on their goods. That is just another part of the pretence that the co-operative societies are making all over the country that they are a universal benefit, whereas they are only really, as far as they are doing any good, stepping a little in the footsteps of the private traders themselves. Now one matter that specially refers to this Commission is in paragraph 18 of our Summary, "As "co-operation increases, the ability of private "enterprise to remunerate service as they would "like to, and as it deserves, is decreased. "Already many assistants have been thrown "out of employment altogether, and as their "training has fitted them only for their particular vocation, and co-operation cannot employ them, they go to swell the supply of "unskilled labour." I should have liked to have referred to that before, because that is a serious matter for the Commission to take into account. They are diminishing the ability of the private traders of the country to give employment without stepping into the position of those private traders to give employment themselves. It may be said that the co-operative societies by doing the work with fewer hands are giving a benefit to the purchasers by giving them their goods cheaper, but I have already shown to the Commission that they do not give the goods cheaper, and as regards doing the work with fewer hands the simple statement of fact is that they underman their stores, which of course helps to keep down their costs of distribution, but that undermanning and any little saving that may arise in the cost of distribution is gained at the expense of serious loss of time of the customers in making them wait their turn to be served at the stores.

Mr. *Dale*—continued.

5229. We quite understand that?—Another matter they referred to was wages, bonus, &c., which I presume you can consider.

5230. No, we cannot take that?—You do not take the wages question?

5231. No, I think not. I should say that paragraphs 22, 23, and 24 in your summary are all in the nature of a general statement proceeding from those whose interests are no doubt assailed to some extent by co-operative stores, but it would be no use your coming here to say that there is no benefit to the industrial classes from productive co-operation. That is a matter we can judge of ourselves?—No, I think we can pass that over, because I do not think the Labour Commission requires any proof of the absurdity of that statement, because the co-operators themselves so contradicted themselves.

5232. That is a matter we can judge of?—Then at question 316 Mr. Mitchell, referring to the fate of the traders who would be ruined by the co-operation, gave it as his idea that they could in time be brought into the co-operative stores.

5233. That is a matter we must judge of and take for what it is worth. We can judge of that for ourselves?—Yes. May I not be allowed to give our opinion.

Mr. *Courtney.*

5234. That is a matter of argument. Has Mr. Mitchell given any statement regarding your particular interests which you dispute?—He has not given a fact, but he has made a statement which is very absurd.

5235. We are to judge of that?—Certainly, but we wish at the same time to give our view upon this.

Mr. *Bolton.*

5236. Have you any practical suggestion for the limitation or the extinction of the evils which you purport to say exist?—One simple suggestion we would have to make regarding the evil that has been done by these co-operative societies, and which we believe would bring about a complete solution of the question, would be the abolition of the dividend. We think that if co-operative societies were to sell their goods at cost price, simply adding the cost and expense of the distribution of the goods, and endeavour thereby by fair competition to compete with private traders, a very important and satisfactory solution of the difficulty would be arrived at of the whole question, because they would not be able to hold their own with the private traders of the country.

5237. You mean that you would prohibit a co-operative society from paying a dividend if it had earned one?—I do not think it is possible to prohibit them. I say as to the suggestion by Mr. Mitchell that I do not know that the Government of the country could take steps to refuse them permission to declare a dividend; but I say if that were done, that of itself would be a solution of the question.

Mr. *Bolton*—continued.

5238. Then that is not a suggestion for the limitation or extinction of the evil?—No; we only said that we believed that would settle the matter.

5239. You do not propose how it should be done?—I do not think it could be done by law.

5240. You say that pressure has been brought to bear upon workmen to join the co-operative stores?—In some cases it has.

5241. Do you mean improper pressure?—I may give you one instance without mentioning any names of the parties. A man had joined the Co-operative Society, who stated that he knew he was paying far too much for his goods, and he stated (and he is not alone in that either) that he could not leave the Co-operative Society, because if he did, he would very likely be amongst the first to be paid out of his work, the foreman in that case being a committeeman in the particular stores.

5242. You have no evidence at present of any man being actually dismissed or discharged from his work because of his refusing to join?—No.

5243. But you have one instance where a man told you that he dreaded it?—I have instanced one, and he is not alone. We have had more instances than that, but I have, in instancing that case, used the very expression which was used by the man, that if he did leave the stores, he would be amongst the first to be paid out of the work.

5244. You do not give any indication of the quarter in which that pressure exists?—I say it has been done by foremen in works.

5245. Yes, but you do not give any indication of the work?—No.

5246. Have you reason for being reticent in that respect?—Yes, we have the reason that the party himself who told that, has no desire that the thing should be publicly mentioned.

5247. We must take it for what it is worth then?—You must do so. But you must take it from me that it is the fact.

Mr. *Burt.*

5248. You spoke of foremen of works being presidents of Co-operative Societies. Is that a common thing at all?—Fairly common—there are a good few.

5249. In Scotland?—And in England also, I believe.

5250. Is it not very unusual for a foreman to be the president of a Co-operative Society?—I do not think it is unusual.

5251. Is it not the usual thing for the Co-operative Society to be managed by committees consisting largely of workmen?—They are nearly all working men.

5252. In answer to Mr. Bolton, I think you declined to give any specific case of foremen who have brought pressure to bear on workmen?—Yes, I declined to give names.

5253. But you say there are such cases?—There have been.

5254. When you spoke of the co-operators not being liable to income-tax, or not paying income tax, I think you stated afterwards in answer to the Chairman, that there was no exceptional legislation so far asthey are concerned?—No.

Mr. *Burt*—continued.

5255. They are just treated in the same way as individuals connected with limited liability companies who might have an income that would not be high enough to warrant income-tax being taken?—Not exactly in the same position as parties in a limited company. A very considerable number of the limited companies of the country are already taxed, and it is left to individual members to get the rebate if their total income is under 150*l.*, but the co-operative societies are left severely alone. They are not touched. They are not charged at all, in the same way as the limited companies are, such as banks, railways, and such like.

5256. You complain of that exception?—We complain of fifty millions of the trade of the country being done without paying its fair share of the maintenance of the State.

5257. But will not the individuals who get that be liable to income-tax in case their aggregate income is sufficient?—Certainly if they include their dividend out of the co-operative societies along with that income.

5258. So that the whole of that fifty millions might not be exempt, and probably is not exempt, from taxation?—There may be a few pounds, I think there are. But I think you may take it that so far as the argument is concerned, the whole is exempt.

5259. In paragraph 9 of your summary here you speak about unfair advocacy of co-operation, and about traders being charged with——

Mr. *Dale.*

I thought that that was so obviously unsuitable, in wording at any rate, that we did not take it from the Witness.

Mr. *Burt.*

I was going to call attention to the fact that there was nothing to substantiate these rather strong epithets.

(*Witness.*) Excuse me, I have ample proof of everything here.

Mr. *Dale.*

5260. Yes, but we can only deal with what came before us?—I understand, but I merely wish to say that in regard to that there is not a single statement which we have made that we could not fully substantiate.

Mr. *Burt.*

5261. You do not say that any such evidence has been given before this Commission?—Yes, I refer to it in question 699. They refer there to their speaking at public meetings and to the co operative literature that they have published. This statement is made up out of the speeches made by the parties, and out of the co-operative literature published which contains these charges, and they are referred to in my summary of evidence.

Mr. *Burt*—continued.

5262. Yes, but you do not specify any evidence that has been given before us that would justify the use of epithets of this kind?—No, not anything further than that answer of Mr. Maxwell's to question number 669.

Mr. *Tait.*

5263. The Chairman asked you the membership of the Traders' Defence Association, and you did not tell him the aggregate membership, but you told him the number of towns where you had members. Can you tell us the membership?—No, I do not think that is necessary.

5264. Can you tell us the terms of membership?—No, that has nothing to do with it. It is a private association carrying on its private work for itself.

2565. You decline therefore to tell the Commission what membership you have in Scotland, or the terms of membership?—What do you mean by the terms of membership.

5266. What they pay to become members?—Certainly.

5267. Now, will you give us the particular section of the Industrial and Provident Societies Act which makes provision that the Government could tax the co operative movement with any income-tax?—I do not think there is anything in the Industrial and Provident Societies Act about the income-tax.

5268. What Act do you refer to?—The Income Tax Act. I refer to the law for the collection of income-tax as it exists.

5269. Which was the first Act introduced into this country, the Income Tax Act or the Provident Societies Act?—The date of the Industrial and Provident Societies Act was 1876.

5270. But the other was a long time before that?—Yes.

5271. The special Act of Parliament which the co-operative people got at that time entirely debars them from being interfered with by any other Act of Parliament, does it not?—I am not aware that it does. Anyhow, whatever Parliament has done at one time it can undo at another.

5272. That is so, but you have stated that under the present existing law they could be taxed. But I say that they having got a special Act of Parliament which precludes them from being taxed the ordinary law does not apply to co-operative societies?—But they have not got that, or the Chancellor of the Exchequer is wrong.

5273. In what way?—Because he has stated himself that the reason they did not tax them was the reason I gave, that they would have the initial expense of collecting the tax from them, and then the enormous expense of paying it back in an infinite number of small sums.

5274. That may have been the reason when the Act was given?—I am giving an answer that the Chancellor of the Exchequer has given within the last twelve months.

Mr. *Tait*—continued.

5275. What is the reason for your saying that the co-operative movement is doing a trade of 50,000,000*l.* a year and that they are taking that away from the private traders, and so are doing an injury to the country?—Excuse me, I did not put it in that way when I referred to that. I stated that they were taking away 50,000,000*l.* of the trade of the country from the tax-paying portion of the trading community, and taking that away without paying their full share of the maintenance of the State.

5275*a*. You maintain that the ordinary taxation of the country is losing its proportion of income-tax to the extent of 50,000,000*l.* of trade?—No, but the income tax on dividend declared on that 50,000,000*l.* which means a loss to the revenue of about 100,000*l.* per annum.

5276. On what do you base your calculation? I base my calculation on the returns of the total dividend declared by the co-operative societies.

5277. And supposing, as it is the case, that 90 per cent. I believe of the co-operative stores of this country have not an income which would warrant them being taxed for income-tax, do you purpose taking it off their aggregate profit?—We purpose taking it off the aggregate profit of the store; that is we purpose taking each society and treating it as a unit for the purpose of the collection of the income-tax.

5278. It was in reply to myself that Mr. Mitchell made the statement that he was prepared to say that if the Government by any action of theirs were to tax the co-operative profits in the aggregate, he would be prepared to reduce profits for the purpose of running clear of that taxation?—Yes.

5279. You said you have agreed to that?—No, I did not.

5280. You said that you would like to see dividends dispensed with?—Yes.

5281. With the qualification that there should be a certain amount of money allowed for distribution expenses?—Yes, but are you referring to the income-tax, or to the abolition of dividends.

5282. I am referring now to the abolition of dividends with a view of running clear of income tax?—But you will find from the calculation in the *pro forma* Bill on the back of our summary that we say that supposing the co-operative societies attempt to get out of what we consider their just liability to pay, any societies declaring no dividend, but giving a benefit in the shape of profit to its members in any other form should be taxed at 10 per cent. on the annual turnover or on the business done.

5283. Let us leave the question of income-tax and come to the question of abolition of dividend; you made the qualification that you would like to see the societies adopt such a course with the condition that they add so much for expense of distribution?—Certainly. Of course they must add their distributive expense. What I said was that we would heartily welcome the co-operative societies abolishing dividends altogether and selling their goods at cost price with sufficient added to cover the expense of

Mr. *Tait*—continued.

distribution. That would be more like true co-operation and not the delusive system that is at present in existence.

5284. But why should the co-operators who are both the wholesale and retail traders in this tied trade comply with the request of your association that they should add distribution expenses? — How can they distribute them without charging the expenses?

5285. Will you answer my question? — I cannot understand your question.

5286. Why do you suggest that we should add certain distribution expense to the wholesale price?—Because the expenses are absolutely necessary; you cannot carry on business without paying them.

5287. Assuming for instance that you have a private trader's shop, and that you have ten hands under you, and you do not do any distributive work yourself—I am putting it in that way—you just simply are the person who receives the profit after paying the distribution expenses, then what would become of that man if we just simply add the distributive expenses? —That is a private trader—that is not a co-operative society.

5288. I wish to show you if I can in my humble way that if you do not make some other provision than just simply adding the expenses of distribution a considerable number of the private traders will go to the wall?—But you are entirely misapprehending my answer. In stating that we would heartily welcome the co-operative societies abolishing dividends, and selling the goods for cost price with only the expense of distribution added, I was referring to co-operative societies alone. I was not referring to private traders selling the goods at cost price plus the expense of distribution because a man must live by his work as you and I live by it.

5289. Would you suggest that there should be a conference between the co-operative bodies and the private traders with the view of fixing fair or fixed prices?—No, that matter has never been before us.

Mr. *Dale.*

5290. What I understand Mr. Walker to say is this, that he considers that the dividends which the co-operator believes that he gets are in excess of what he really does derive, that the amount of dividend that he receives is really being provided by his having given too high a price for the article in the first instance?—That is correct.

5291. And you say that the comparison between the advantages of dealing with co-operative stores and private traders are disguised by the amount of dividend that the co-operator receives in many cases, and that if the co operative stores in your opinion were to sell at cost price (cost necessarily including the expense of distribution), a fair comparison could be instituted between the advantages of dealing with the stores and dealing with the private shopkeeper, and you say that in your opinion it would then be proved in many cases to be to the advantage of the householder to deal with the private shopkeeper instead of with the store?—You have correctly stated it.

Mr. *Dale*—continued.

Mr. *Tait.*

5292. You have taken exception to a statement made by Mr. Mitchell that they would like to get control of the trade. Why should not they have it?—I did not take exception to that statement. I referred to that amongst others as showing that the object they had in view was universal co-operation, or rather the extermination, to put it plainly, of all traders both wholesale, retail, and manufacturing, I gave that as one of the instances of the answers in which that ideal of co-operators was referred to by the gentlemen who were being questioned.

5293. Of course you would attempt to prevent them getting that as far as possible?—And I believe that we shall.

5294. Are they doing anything to prevent private enterprise getting the monopoly of any particular trade in this country?—No, I do not know that there is any particular private enterprise getting it.

5295. Take the Salt Union, could you take any action as an association to prevent the existence of that?—That is a matter I have never heard discussed by the directors.

5296. Are you prepared to dispute Mr. Maxwell's figures that there are 10 and 15 per cent. profit made in the Scottish stores?—I do not dispute them—I deny them.

5297. Now you refer to some tests that have taken place; you have no objection to telling me the store where these things were bought, have you?—Yes, but I will mention one instance that you know of already, sir. In Wishaw, they wanted to start a co-operative society for Wishaw in place of the branch of the Clelland Store in that town of Wishaw, and they had a meeting in the afternoon at which you arranged the terms upon which you were going to take over the branch of the Clelland Store and make it into the Wishaw Co-operative Society. You had a public meeting at night and the object of the public meeting was to put a motion to the meeting and have it carried to start a store in Wishaw. You were one of the co-operative advocates at that meeting.

5298. Not at the night meeting—I was there in the afternoon?—Yes. At that meeting questions were invited, and a question was asked if the new store was going to sell the same goods as the branch of the Clelland Society, and at the same money, and give the same dividend. The reason given for the question being asked was, that as the present branch of the Clelland Society that was then in existence in Wishaw was charging some 24*s.* or 25*s.* for what should be got for 1*l.* in a shop, and was only giving 2*s.* or 2*s.* 6*d.* of dividend, there was no benefit to the members of the Society.

5299. Who were present when the test was made; do you object to say?—Allow me to finish,

Mr. *Tait*—continued.

and then I will answer the question. The test was asked for at the meeting, and the co-operators who were there and knew the prices that they were charging, and who knew the prices that the cash shopkeepers in the town were also charging, looked upon the matter in this way that they broke up the meeting without putting the motion to start a society, and I understand that they cancelled the arrangements that they had made for taking over the branch of the Clelland Store, That is how one test was treated.

5300. Now you have made a statement that tests have been made ?—They have.

5301. You belong to Glasgow, the same as myself ?—I do.

5302. Have there been any tests made in the Glasgow stores by Glasgow merchants ?—There have.

5303. Do you object to tell me the store ?—I do not think it is necessary.

5304. But there were no co-operators present at the testing, were there ?—No, but I may say that the parties who tested the articles did not know where they came from, or what they were being tested for.

5305. But you did not think fit to bring anyone, except on one side, to see the test ?—We have offered to make tests in conjunction with the co-operators, but they have always declined.

5306. Which society declined, will you tell me that ?—There are gentlemen belonging to different societies, both in Glasgow and elsewhere, who declined. Within the last three months they have.

5307. You say the co-operative societies do not tend to thrift ?—Certainly,

5308. Do you know the amount of membership in the co-operative societies of this country ?—You say you have about 1,100,000.

5309. Put them down at 1,000,000 ?—Very well.

5310. Do you think it would be fair to say that they represent about 4,000,000 of people ?—That is taking each one as a head of a family.

5311. Yes; do you think that this 1,000,000 would be led by the particular advocates either at this time or at any previous period of the co-operative movement ?—A good many of them would.

5312. You think they have all been led astray, do you ?—They have all been led astray, and some of them very far astray.

5313. And they putting their 12 to 15 millions in loan or share capital ?—Yes.

5314. They have all that at stake ?—Yes.

5315. And yet they have all been led ?—A good many of them, because they cannot be members without investing their capital, and if they become members they are compelled to become shareholders.

5316. Is not that a reason why it is not a monopoly ?—It is trying to be a monopoly.

5317. In what way ?—It wishes to get hold of all the trade, and eliminate the capitalist, and the private trader, and private limited company, and have it all concentrated in one universal co-operative society.

5318. And if they can do that satisfactorily why should they not do it ?—But they cannot do it satisfactorily, as is shown by the manner in which the co-operative societies are working at the present day.

5319. Let me take you to the co-operative productive societies. You did not mention the names of the industrial societies that went down ?—No, I did not.

5320. But you said some went down, which I admit ?—A considerable number I said.

5321. I will admit a number went down since they started about 40 or 50 years ago ?—I may say that in 20 years there have been amongst the productive and distributive societies over 800 failures.

5322. And about how many bankrupcies have their been amongst private traders during that time ?—A good deal more, but I believe the proportion of failures amongst the co-operative societies is far larger than it is amongst the private traders and with far less reason, because their capital is provided for them.

5323. When you say that the co-operative people had not reached the poor—had not reached or attempted to reach to any large extent the poorer classes of the community, do you think that that is owing to the system of credit that exists with private traders in the shopkeeping community ?—I refer you to Mr. Maxwell's own evidence, question 823, in which he more than once stated that the private traders did not give credit to such people. That is Mr. Maxwell's idea on that matter.

5324. Did he give that in evidence here ?—He did—that they do not give credit.

5325. Can you refer to it ?—I did not mark it down, but it is the case, and I think you will find it somewhere there in the print of the evidence.

5326. Now you stated in reply to Mr. Bolton that you had known one or two cases where pressure had been brought to bear upon men to join the stores, and you made a statement thereafter. Mr. Maxwell in reply to me here said that cases had been brought under his notice where members of the stores, those who had taken an important part in them, had had pressure brought to bear upon them by their employers for the purpose of inducing them to withdraw from the store ?—That statement is incorrect; it is not the case.

5327. How do you know that ?—I am speaking for the Traders' Defence Association of Scotland, and I say the statement is not correct. Mark you what you said just now to make sure of this. You stated that pressure had been brought to bear upon them to leave the stores.

5328. Yes ?—I say that statement is not the case; it is not true.

5329. That is so far as is known to you ?—I say it is not true; speaking for the Association.

Mr. *Tait*—continued.

5330. Just so, so far as is known to you, in your Association ?—It is all known to me. I say for the Association that that has not been done.

5331. Your Association, as an association, has never approached any employer of labour for the purpose of bringing pressure to bear upon a man to sever his connexion with the store ?—That is so. It never has been done. I know what you are driving at, but as you put it, it has not been done.

5332. But do you know that any of your members that are members of your Association have done it in their own private capacity ?—That is a question I decline to answer, for reasons that are very well known to yourself, because if names were mentioned in a case of that sort, we know what would be the result.

5333. You need not give the name, but you can say you know members ?—I did not say I knew members. I decline to answer the question I say.

Mr. *Dale.*

5334. Before you quit the chair I just want to point out to you why it was not proper for us to receive some of the evidence that you proposed to give. You sought to found upon the answer given to question 699 a statement of what had been said by co-operative advocates outside this room ?—Yes.

5335. In answer to question 699 Mr. Maxwell said, "We keep ourselves open to attending any "meetings, and co operative literature is being "circulated, and on every occasion when "attacked, defend our position. We accept "every invitation when we have an oppor-"tunity of laying our views before the com-"munity," and you thought that that opened the door to your laying before us statements that had been made by co-operators on these occasions. I do not blame you for seeking to introduce that evidence to us, but I wish only to point out to you in explanation of why it was not possible for us to receive it, that we could not found upon a mere statement made by a witness that co-operators attend meetings and make their views known on public platforms, the admission through your evidence of statements not known to us that they have made on such occasions. Obviously (I think you will see) we can only take cognisance of that which is before us ?—I can understand that, but although I mentioned question 699, there are several others in connexion with the same thing in which the witnesses referred to adulteration and other things which are charged against the traders.

5336. But the same remark would apply to those. Obviously we could not enter into matters of which we had no knowledge ?—We come here to prove that the co-operative societies indulge in adulteration as well.

5337. But we could not allow you to rebut that here, because we had no knowledge of what had been stated on public platforms at various times in various parts of the country ?—That is so.

The witness withdrew.

Dr. WILLIAM OGLE re-called and further examined.

Mr. *Abraham.*

5338. By what means are these statistics collected upon which you base calculations as to the health and mortality in mines ?—They are based upon the census figures of 1881 as regards the number of miners and their ages, and upon the death registers for the three years 1880, 1881, and 1882 for the deaths. I mean that the census of 1881 gives us the number of miners and their ages, and those three years of the death register give us the number of deaths, and those two were put into relation with each other.

5339. But are all the men working below and above ground put into one order, or are they divided into their various branches of coal mining ?—No, they are all in one body together, there were no means of separating them. The ordinary return of one of the men is that he is working in a coal mine, or that he is a coal miner, and he does not say what is the special branch of work in which he is engaged, and consequently all these men have to be taken in the aggregate.

5340. So that the calculations are made with a mixed number; those working above ground as well as those working underground ?—Quite so.

Mr. *Abraham*—continued.

5341. I think you have already agreed that excessive mortality from one cause may be taken as reducing the mortality from other causes in regard to accidents in mines ?—Quite so. If a man dies by an accident he cannot die by phthisis. Excessive mortality from one cause will of course lower the mortality from other causes.

5342. Then I think you have given it as your opinion that coal dust has not much effect upon the health of miners ?—I have not said quite so much as that. There, no doubt, are diseases of the lungs produced by coal dust. The lung of a miner, as is well known, if you examine it after death, is very frequently found clogged up to a considerable extent with black matter, inhaled coal dust; nevertheless, when you take the mortality of coal miners from certain diseases, such as phthisis, you find that it is lower in the whole than that of other men of the same age living in the same county.

5343. That would account to some extent for the diseases of the respiratory organs amongst miners ?—The mortality of miners from such diseases is somewhat in excess of the average, and that would be accounted for in that way.

Mr. *Abraham*—continued.

5344. Is it your opinion that the temperature of mines is injurious to health or not?—I have not sufficient practical knowledge of mining, or of the conditions under which miners work, to express an opinion that would be worth anything on that subject, but generally speaking, working in high temperatures is injurious to health, and especially working in high temperatures when that alternates with exposure to cold air, which I presume is the case with the coal miner.

5345. Working in a high temperature leads to excessive exhaustion?—It would lead to bronchitis, the contraction of colds, and various diseases of the respiratory organs.

5346. Then I take it that you are aware that colliers to obviate sweating have often times to strip to the waist when they are working?—Yes.

5347. And that would make it easier for them to take colds in draughts and wet as you have intimated?—I have stated that I have no personal experience of coal-mining. I deal as a statistician with the data given me in the death registers; but I should suppose that although the collier stripped to his work he did not come out stripped to expose himself to the cold air.

5348. No, but having been working in that naked state, it would make him a more easy victim to the cold air which he would come in contact with when he is above the mine?—No, I should think not; I should think it a wise thing, if he was going to be exposed, to strip when in the hot air and put on his clothes just before he came into the cold air.

5349. Are you of opinion that the waste products of lamps, and the smoke, increases the impurity of the air that the miners work in, and that it is injurious to health?—I have no means of answering that question; the mortality of miners is extremely low generally. All the causes to which they are subject taken in the aggregate are such as to produce a low death-rate in them, but I have no means of separating the effect of the temperature, of the darkness, of the coal dust, and the cold air and hot air from each other.

5350. Then am I right in supposing that you agree with me that the temperature of mines leads to excessive exhaustion?—I agree with you in the general statement that working in high temperatures is a bad thing and likely to conduce to illness.

5351. Will you say it also injuriously affects the nervous system?—I am afraid that I cannot profess to say that I have any knowledge as to whether high temperature would directly act upon the nervous system more than upon the rest of the body. The chief effect of working in a high temperature and the ill-effect it produces is, I think, owing to the after exposure to the cold.

5352. You were aware that a miner in hewing coals in order to safeguard his life will have to put extraordinary pressure, as it were, upon his nervous ability—that is, his eyes, his hearing, and the sense of feeling, because these senses are the natural safeguards of his life?—Quite so; it must be so.

5353. And do not you think that that being so the high temperature of mines would naturally cause injury to them?—I am afraid I am hardly prepared to give medical evidence on these subjects. The point of view from which I have looked at the subject is simply the statistical point of view. I have investigated the total amount of mortality amongst these men as compared with that of other men, and the amount of mortality among them from certain special diseases; but into the distinct etiology of this mortality I am not prepared to enter. I am not sufficiently acquainted with the mode in which the men work in mines, or the conditions under which they work, to have an opinion that is worth giving on the subject. I give my evidence simply from the point of view of a statistician, and not as a medical man.

5354. I may be perhaps under a little misapprehension, Dr. Ogle, from your name, and that being so, I do not think it is well for me to press any questions further.

Professor *Marshall.*

5355. Do you agree with the following statement by Dr. Arlidge in his work on "The Diseases of Occupations," "Additional reasons "why coal and ironstone miners enjoy con-"siderable immunity from phthisis compared "with men in other industries are to be found "in the general conditions of life surrounding "them." Then he gives several considerations. "Add to these considerations that they are pre-"served to a great extent from the inclemencies "of weather, enjoy a more equable climate than "outdoor workers," do you agree with that? Is it true that they have a more equable temperature?—I thought it was just stated that they were exposed to great sweating whilst in the mines, and then they came up and were exposed to cold air. That appears to imply most unequal temperatures.

5356. Is not it true that as distinguished from copper and tin mines they generally have an equable temperature when down in the coal mine?—I cannot answer that. As I have stated, I have no personal experience of mines.

5357. Do you happen to be acquainted with Dr. Arlidge's book?—I have seen it.

5358. He is taken as an authority on the subject, is he not?—I do not know the book enough really to give any opinion upon it, and I would rather not express one. Dr. Arlidge is a gentleman who has paid a deal of attention to the diseases of trade, and therefore I take it for granted that his opinion is well worth consideration.

Mr. *Abraham.*

5359. You are aware that your statistics will bear out that the Cornish miners do work in a very high temperature, and a temperature that often makes the mortality or diseases from all causes

Mr. *Abraham*—continued.

amongst them extraordinarily high ?—Yes, their mortality is very high.

5360. Phthisis in particular ?—Yes.

5361. Could not that follow or arise from the fact that they are working in such high temperature, and that that temperature is often varying from one stage to another in the same mine ?—I do not know. Do I understand you to say that the Cornish miner is more subject to variations of temperature than the coal miner ?

5362. Yes ?—I am not aware that that is the case, but if it be so, then doubtless he would be more liable to diseases of the respiratory organs.

5363. Are you aware your statistics would bear out that, with the exception of diseases arising from alcoholism and the mortality from suicides among the Cornish miners, it is extremely above the mean that you have put down the other miners ?—Yes. The mortality of the Cornish miners is extremely high, and is especially high from the diseases of the respiratory organs, and that I attribute myself, in my ignorance of the exact conditions under which coal miners and Cornish miners work, to a difference in the dust to which they are exposed. The dust of coal has not got sharp edges when you look at it under the microscope. It has rounded edges that are not nearly so irritating to the air-passages when they pass in as are the particles of stone which the Cornish miners' lungs are exposed to, and that is shown by the fact that it is not only amongst the Cornish miners that there is this high mortality from diseases of the respiratory organs, but the same occurs amongst those other branches of workmen who are liable to the inhalation of stone dust—such as earthenware makers, potters, quarrymen, and, in a smaller degree, masons, I think. I am not quite sure about masons.

Professor *Marshall.*

5363*a*. In which class do you put the ironstone miners ?—As to the ironstone miners, as a matter of fact the statistics I have given are on a very small basis, and not a very safe one—not nearly as large as the basis on which the statistics of coal miners are founded. But so far as my data go, the ironstone miners have a low death-rate.

5364. But would not the dust in their case be sharp pointed ?—If it be so, it would be an exception to the statement I have made.

5365. Does not that rather tend to prove that in the coal and iron mines the temperature is equable, and the ventilation good, and that in the copper and tin mines the temperature is not equable, and the ventilation is bad ?—I do not know myself whether the worker in the iron stone mine is exposed to much dust. I am told he is not, but I have no doubt better information will be given by those who are conversant with those mines.

Mr. *Courtney.*

5366. I was not here to ask you about the composition of your Table D., (*see* p. 120) which gives the comparison of mortality of males between the ages of 25 and 65. You have put in the deaths of the persons of those different occupations between those years ?—Yes.

5367. And you have compared those deaths with what population ?—I gave the death-rate between 25 and 65 years of age for each of these groups, and then I put that of the clergymen, priests, and ministers into the figure of 1,000, and all the others are arranged upon that standard.

5368. So I understood, but I wish to know this: 1,000 clergymen die between the ages of 25 and 65, but of what total number of clergymen is that. Is it the total number living between the ages of 25 and 65, or the total number returned in the census ?—No.

5369. I wish only to know what the number is—how is it ascertained. Is it the number living between 25 and 65, at the commencement of the year, or is it the total number returned as clergymen in the census ?—It is the total number returned in the census as living between 25 and 65. That is the basis.

5370. You have ascertained the total number of the classes between those years, and then you have found out how many die in the classes ?—How many die of the class at that age in three years.

5371. And the census returns give the total number living between those years ?—Yes.

5372. It is not the total number actually existing of all ages ?—No, I limited the calculation to men between 25 and 65 years of age, for these reasons, that trade occupations hardly tell upon a person as a rule unless he has been in the trade for some years, therefore you may take 25 to begin with, and moreover persons go into trade occupations at different ages, whereas a clergyman does not become a clergyman until 23, and to compare him with a labourer at 18 or 17 years of age would not be making a comparison on a fair basis. I limited it at the other end to 65, in order to shut out, as far as I possibly could, those persons who have gone out and retired from their occupation.

5373. That is the point as to which I was endeavouring to ascertain how the facts stood. A man once a clergyman is always a clergyman up to 65 ?—Quite so.

5374. A man mining at 45 may have retired from mining, and frequently does ?—He has most probably retired before 65.

5375. Long before that ?—Yes.

5376. Would not affect the accuracy of the comparison ?—Only to a certain extent, because I do not take out in one block those who are between 25 and 65, but I take out those between 25 and 45, and then those between 45 and 65, and get the death-rate for each of those separate age periods.

5377. That is not shown in this paper ?—No, that is not shown in this paper, but it is so done. It is shown in the official report from which this is taken.

5378. And would the proportion of those dying between 25 and 45, to those living

Mr. *Courtney*—continued.

between 25 and 45 amongst the miners, differ very much from the proportion here shown?—I can give you the exact death-rate of miners at each age, if you wish it.

5379. I wanted to ascertain whether there was any risk of the mortality in those classes being higher in consequence of their being compared with a lower total enumerated in your census—a total of persons passing out of their occupations at earlier years. If you had 10,000 clergymen living, they would be clergymen till they die, or till they attain 65; but if, on the other hand, you got a number of miners, a certain number of them would have retired from mining before 65, and if you compare the total deaths of the total number of those classes, is there any risk of showing a greater mortality in those cases where people pass out of their occupation, not through death, but through abandoning their occupation?—I do not think there would be, because if a miner, as is often the case, retires out of his industry between 45 and 65, he would not appear in the census as a miner, nor when he dies will he appear in the death return as a miner. He would be omitted on both sides.

5380. And that would not affect the proportion?—And that would not affect the proportion.

5381. It might, might it not?—This is the only way in which it would affect it. If there be a number of miners who retire because of ill-health at a given age, clearly those who are left behind would have more than average vitality as compared with the principal body of miners, because the weaklings would have gone out, and so far doubtless the comparison is liable to criticism. I do not think that the error that would arise in that way would be of any serious importance. It would be of very considerable importance if we were to look at these figures as being mathematically accurate, or if you were to place very much weight upon small differences, but in figures of this kind you only give any importance to differences of a very considerable quantity.

5382. We ought to be on our safeguard in the case of people going to sea, ought not we; in consequence of people retiring from a seafaring life?—Yes. You have, I think, the best example in the case of soldiers. It is almost impossible to get the real death-rate of soldiers, because when the soldier becomes ill he is invalided and drafted out of the regiment, and consequently the sickly are taken out and what you have got behind is the healthy residuum left after the drafting out of the sick. That occurs doubtless in all trades, but in some it will occur more than in others, and I admit that it will do so in the case of miners, because more strength is required in mining than in the case of trades such as tailoring, where a man can go on although somewhat out of health.

5383. The clerical profession most of all?—Perhaps so.

Professor *Marshall.*

5384. Will you look at the last line but one of Table G. (*see* p. 121.) Does not that tend to show that the number of miners who leave mines presumably partly because their lives are not very good, is very great; and that that might make a correction of those statistics of a very important character?—I do not see that it shows it.

Professor *Marshall—continued.*

5385. The number between 20 and 25 is 61,000 for those five years, and the number for the 20 years between 25 and 45 is only slightly more than twice as much, and the number for the next 20 years of age is less than the number for the five years between 20 and 25 years of age, and does not that show that a great number of people cease to be miners at middle age?—I think the number from 25 to 45 is nearly three times as much as from 20 to 25, and of course as you get further on in life death has told upon them and the number will diminish.

5386. Let us compare the ages of the 20 to 25 with the 20 years between 45 and 65 years of age?—Yes, there are about the same number in each.

5387. In the total population, would the proportions be very different from that?—In the total male population of England do you mean?

5388. Yes?—Yes.

5389. Must not a very large proportion of the miners go out in middle age?—Yes, but that would be the case in all trades, and the question is whether it is more so in the case of miners than with others.

5390. If you take the census return of all those having occupations, you do not find, I think, that there is the same proportion?—I should expect more to go out of miners, because mining requires great strength, and consequently when the man gets feeble he is likely to give it up, and as I said I should expect if you compare miners and tailors you would find a larger number of miners go out as they get on than the number of tailors.

5391. Is it not true that the number of males in all occupations belonging to the 20 years between 45 and 65 are 1,700,000, while those for the five years between 20 and 25 are only 1,100,000, the former being about 60 per cent. larger than the other?—The total number of males living between 45 and 65 is 1,755,819, and the total number of males between the ages of 20 and 25 is 1,112,354.

5392. And does not that show that in the 20 years between 45 and 65 years of age, the numbers are about 60 per cent. greater than for the five years between 20 and 25 in all occupations, while with the miners it is very much smaller?—Yes, but when you say those are persons engaged in occupations I think you make a mistake. Those totals that you have quoted include (I think I am speaking correctly) not only those engaged in occupations, but also that large number of men who are persons returned by property rank and not by special occupation. In fact it includes all the males living in England.

5393. But are there very many between those ages, in that great set to which I have referred?—There are 87,000 odd between the ages of 45 and 65, and between 20 and 25 years of age 32,000

Professor *Marshall*—continued.

odd. But clearly the proportion of the miners at those ages is not the same as in this table of all males.

5394. Might not therefore the number of miners who, if they had stayed on as miners, would have died before the age of 65 be so great that they would vitiate those statistics for the purpose of comparison and make an alteration not of a small per-centage, but of a per-centage of 20 or 30 per cent.?—I should not think that, but as I already said in answer to Mr. Courtney, there is that flaw in the comparison that in all occupations such as mining, or occupations that require great strength and vigour, a larger number will go out, and there is a greater weeding out of the weaklings than in trades where great strength is not required. So far, doubtless, that gives an advantage, or gives an unfairly low death-rate for the miners as compared with the trades where weaklings are engaged. That is, I think, what you mean.

5395. Yes. I suppose it would be possible to make an arithmetical calculation at your leisure to discover approximately what is the amount of correction to be made under this head. That is a mathematical sum I suppose that could be worked out?—You mean you would start with the assumption that the proportion of miners at the different ages should be the same as the proportion of males in all England at those same ages. You mean that the miners between 25 and 20 should be in the same proportion to the miners between 45 and 65 as are all the males between 20 and 25 to all the males between 45 and 65. Was that your basis?

5396. Not all males, but all males in occupations. I was comparing the total number of people of all occupations, of different ages, with the total number of miners of all ages to find out how many miners had presumably drifted out of the occupation of mining?—Yes, you could do that.

5397. Would you then be able to correct by an estimate as to the probable causes of their drifting out the statistics that we now have?—Yes, you might, I think, make an approximate calculation as to the number of miners who had got out.

Mr. *Abraham.*

5398. There is put into my hands the report of the inspector of mines for the year 1880, and the opening paragraph says, "it appears that "484,933 persons were employed in or about "mines under the Coal Mines Act"?—I think you are reading for the United Kingdom, or is it for England and Wales?

5399. That is just the question. You say it is under the Coal Mines Act, and then there are

Mr. *Abraham*—continued.

those employed under the Metalliferous Mines Act, and that would increase the number and then again 484,933 persons largely include women?—There are not many women in the census return of persons engaged in coal mines.

Professor *Marshall.*

5400. There is a difference of 100,000?—I do not know what is the table to which you refer, but I remember some time ago when the census of 1881 was taken, criticisms to the same effect, viz., that there were 100,000 more coal miners in the mining inspectors' returns than in the census returns, were made on it, but whether that was the same table or not as that you are now using, I do not know. The explanation of the difference was that in one case the figures were given for the United Kingdom and in the other case for England and Wales, and in one set quarrymen were included as well as miners, whereas in the other they were not. Whether that applies to that table that Mr. Abraham has now quoted I am not prepared to say, but I suspect it is so.

5401. It could not be exactly so, but Scotland may make a difference—the difference is so great—it is over 100,000?—Yes, but I am not prepared to say how the difference arose or which is right or which is wrong, if there be a difference. The census returns I do not think could possibly be out to that extent, but, of course, all our census returns are liable to a certain amount of error owing to the inaccurate way in which persons return themselves, and it is possible and probable that a certain number of miners are returned simply as labourers, but I do not think it is very likely to be so to any large extent. A man in Durham might return himself as a labourer when in fact he was a miner.

5402. But does not this fact prove at once that it is necessary to have some improved method of collecting the census, and dividing the various branches of the employment in mines?—I cannot say that I see that this shows the necessity of it, but if you ask me whether I think it is advisable to have better returns, I agree with you.

5403. You do not think the 100,000 difference would necessitate it?—I do not in the least believe that the census understates coal mines by 100,000. I think the difference is fully accounted for by the one return relating to England and Wales, and the other to the whole of the United Kingdom; and by the one return being confined exclusively to coal miners, while the other includes quarriers, clay diggers, shale diggers, and this in counties where there are no coal mines.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

ELEVENTH DAY.

Commission Room, Westminster Hall, Wednesday, 30th November 1892.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. LEONARD H. COURTNEY, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. G. LIVESEY.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

(*Mr. Dale took the Chair.*)

Mr. CHARLES BOOTH called and examined.

Mr. *Dale.*

5404. The Commission feel specially indebted to you for placing yourself and your wide knowledge of the subject to which you have given so much attention so unreservedly at their disposal, and we very much regret that your time has had to be taken up by waiting more than one day, I believe, till your evidence could be received?—I have gained a great deal from what I have heard.

5405. I think that in 1889* you made a close study of the industries of East London, involving the conditions of employment, commonly called sweating?—I did.

5406. In addition to the information which you thus yourself obtained you have followed closely the evidence brought before the Committee of the House of Lords† on the subject?—Yes.

5407. Would you kindly give us your definition of "sweating"?—The word "sweating" has been loosely used, but may be fairly taken to mean the driving of labour, by whatever means, so as to obtain a maximum of work for a minimum of pay. "Sweated labour" is labour so driven and a "sweater" the master who thus drives those he employs.

5408. Would you also kindly define what may be called the "sweating system"?—The term "sweating system" has been still more loosely used. It may mean any system which succeeds in obtaining a maximum of work for a minimum of pay; or any system which does so by taking advantage of helplessness in the workers. But it is most generally used to mean some special application of some particular system for which condemnation is desired.

Mr. *Dale*—continued.

5409. What has been the general result of your inquiry?—The result of my own investigations and the result, I believe, of the evidence brought before the Committee of the House of Lords was to show that in certain trades labour was much driven and ill-paid. The existence of sweating as I have now defined it was abundantly proved. It was also shown, as might be expected, that the evil was everywhere connected with helplessness on the part of the workers and was very generally accompanied by long hours and insanitary conditions.

5410. Do you connect sweating with any system of employment?—No one system of employment was found to be responsible for these evils, nor was any system found in connexion with which they were always present.

5411. As to the connexion of these evils with the character of the employers, have you anything to tell us?—I consider that the attack upon a particular class of men as "sweaters" fell through as completely as that on the supposed system. The causes of the evils were shown to be deeper than the greed or inhumanity of individual employers.

5412. Yet I suppose some systems contribute more to sweating than others?—I think so. Although no one method of employment could be held responsible for the evils nor any shown to be invariably abused in these ways, yet there are some which distinctly lend themselves to industrial oppression.

5413. To what systems do you refer?—In a general way the systems which conduce to oppression pass under the name of "sub-contract";

* To reconcile this date with the date mentioned in questions 5591 and 5755, in a letter dated Sept. 23rd, 1893, Mr. Booth explains that his enquiries as to sweating were actually made in 1887, but the results were not published till 1889; and he suggests that probably 1887 would be the more correct date to use.—G. D.

† By direction of the Chairman of the Commission a Memorandum on this Evidence has been prepared and will be found printed as Appendix LXXXV.—G. D.

Mr. *Dale*—continued.

but this term has been used no less loosely than the others.

5414. Would you define the meaning which you attach to "sub-contract"?—I shall have to go a little into what other people mean as well as what I should mean.

5415. Do so?—The popular notion as to sub-contract and the conception of its methods which gave them a bad name was that someone who had contracted to do a quantity of work made a profit by sub-letting it to small master men, who, in their turn, perhaps, sub-let again, and that, finally, the profits of contractor and sub-contractors alike were "sweated" out of the workpeople. This idea was shown to be baseless,—such sub-letting seldom occurs; except, indeed, with regard to special processes which are frequently the better paid portions of the work; and in cases of pure distribution it was shown that the sub-contractor played a useful part in bringing the workers and the work together. Those who obtained work direct from the wholesale house were usually not paid any better than those whose work came to them through a middleman. The middleman's profit was thus shown to be a charge on the work and not a charge on the workers. The word "sub-contract" was further used to mean the giving out of work to be done by small master men. This was in fact a "contract," but by a confusion of ideas and for the convenience of condemnation it was still called "sub-contract." It was shown that this system was very general and by no means always associated with any evils; but it was found to be conducive to industrial oppression when the workers were helpless. Finally it was found impossible to draw any distinction between small masters working for a wholesale house and those working for their own account who perhaps sold their productions to the wholesale house and it thus became evident that it was truly neither contract nor sub-contract, but the working for small masters that was to be associated with the evils of sweating.

5416. What was the general result of the investigation?—The general result was to show that the bad conditions of employment which arise from the advantage taken of helplessness amongst the workers are particularly noticeable in small workshops, though also found elsewhere. These evils are low pay, long hours, and insanitary conditions.

5417. Has that investigation led you to make any suggestions as to curing the evils?—I think something may be done to make these evils less prevalent even if no actual cure be possible.

5418. What suggestions do you offer?—As regards the existence of a class whose work is of little value, and whose necessities place them very much at the mercy of anyone who employs them, nothing that I know of can be done *ad hoc;* but, on the other hand, whatever tends towards raising the standard of life will decrease the numbers of the helpless or lessen the degree of helplessness. So that education, the encouragement of thrift, &c., should have some effect in time. As regards the conditions under which they work, I think a good deal could be done by a sufficiently wide extension of the Factory and Workshops Acts. I believe it would be possible to bring most indoor employments under regulation as to hours of work, space to work in, and sanitation with good effect.

5419. What further suggestions would you offer?—I think all workshops should be registered. The present factory legislation recognises three parties: the employer, the employed, and the State. To efficiently control small workshops it is necessary to throw responsibility also on the owners of the property or person to whom the rent is paid. The wider the meaning given to "workshop" (that is, the smaller the shop) the more necessary this would be. I should, myself, propose to define a "workshop" as any room or place in which any person employed any other person in manufacture. I should count a man and his wife as one person, but should allow no other exception, and should consider two or more persons working in combination or in partnership as employing each other. On this view any individual would be free to work either on his own account or for wages in his home, but when several are working together, whatever be the terms of employment, the place in which they work would become a workshop, and special responsibilities would be incurred.

5420. Are you in what you have just said speaking of control in two aspects, the control of the building (I refer more particularly to your reference to the owner of the property or the person to whom the rent is paid) and the control of the working hours?—Yes. The control can be divided in that way.

5421. I understand you to mean that you would hold the owner of the property, or the person to whom the rent is paid, as in some sense responsible; in that would you point to responsibility for the sanitary character of the building itself?—I should carry it further.

5422. I wish to hear what you have to say on that?—I should make him responsible also for the good conduct of his tenant.

5423. Not for the hours that the tenant might work, would you?—I think I should.

5424. You think the mere landlord ought to be held in some degree responsible for that?—He should have a second responsibility; indirectly he should be responsible; I think so.

5425. It might be very needful, and very proper to do so, but it would be introducing, would it not, some new class of obligation upon the mere owner and letter of a house or apartment?—I think it would.

5426. Why should you impose upon the owner of a building which is used partly as a residence, and partly as a workshop, for that I suppose is the sort of building under discussion, any obligation beyond that which would attach to the sanitary character of that building?—I should not propose that his responsibility under the Factory Act should be extended beyond that

Mr. *Dale*—continued.

portion of the building which was used as a workshop, and as to what went on in it; but I should wish to make him responsible for the simple reason, that I know no other way to make the control efficient.

5427. Of course so far as his responsibility had reference to the sanitary condition of the building it could be enforced readily by an order that he must amend it in such and such respects, but so far as you might extend it to responsibility for observing prescribed hours, or not having more than a certain number of persons working in it, would it be possible for the landlord to control that?—I think he may collect the fine from his tenant. It is in order to secure the payment of the fine, to be sure that the law is recognised. I did not propose that the landlord should not have recourse to the tenant; on the contrary the tenant would be in the first instance responsible.

5428. I only wish to make clear whether we understood the view that you put; I am afraid I have a little anticipated the matters mentioned in your proof, I did not see that you were coming to this. On whom would you throw the main responsibility for registration?—On the landlord. I think it would be his duty and it is also his right to know to what uses the premises he lets are put. I think he would have abundant opportunities for informing himself.

5429. How would you define "landlord" and "occupier" for such purposes?—The "landlord" is the person by whom, or in whose name the rent is collected, and the "occupier" is the person from whom the rent is collected.

5430. Have you given any consideration to the form of registration?—I think that it should be without charge and simple, and that it need not necessarily involve previous inspection. The certificate might I think set forth on the authority of the landlord the amount of space occupied, and such other particulars as the Act demanded with the numbers of persons to be employed and the trade, and it should, I think, be in triplicate, one copy for the landlord and one for the occupier, which would be posted up in the room in sight of the *employés*, and the third would go to the Factory Department. The certificate must, I think, be periodically renewed.

5431. Would it be possible to keep so many places under constant inspection?—I think not; I think that the terms of the law must be made clear, and must be enforced by penalty, and the key-stone of this proposal is the responsibility of the landlord. I think it could be made dangerous to evade registration. Every registered shop would be on the inspector's list, and it would be impossible to know where or when inspection might fall.

5432. You said a minute or two ago that the responsibility of the landlord, as you contemplate it, would attach merely to that part of the premises which was occupied as a workshop?—Yes.

Mr. *Dale*—continued.

5433. Are you, then, contemplating only premises of which some part is set aside for working purposes exclusively?—Yes; I contemplate making it a *sine quâ non*, that whatever portion of any premises is used in that way should be set apart, and should be recognised as set apart, for industrial purposes.

5434. I think it might be convenient, and certainly interesting, if you would now state what classes of industries you have more especially in view in what you have recently been saying?—Practically all the industries that do not demand power. Usually the definition of a "factory," I believe, is a place where power is used. All industries that are carried on in workshops without power may be distributed in the homes, and the tendency of them to be so distributed is a difficulty which has to be considered in connexion with any further pressure upon the present regulation of workshops.

5435. I know your very wide and intimate knowledge of the industries in London which most need improvement in the respects to which your paper refers; what industries now carried on, and under what conditions are you chiefly thinking of?—Tailoring, bootmaking, cabinet-making are the most important industries, and all sempstress work.

5436. Are those not largely carried on in homes where no one room is set aside for working purposes?—Unfortunately it is so; the workers may often sleep in the same room.

5437. Would you contemplate the continuance of that?—No.

5438. That is to say, bearing in mind that you think it would not be possible, or perhaps proper, that the system of registration and inspection should attach to a man and his wife, we will say, or to either of them alone, but to two or more persons working together would there not be many cases in which an entire change would then have to take place in the form in which the industry is carried on?—There would undoubtedly be a gradual change.

5439. I was rather inviting you to describe to us the extent to which the system of registration and inspection which you advocate, as a mitigation, at any rate, of the present evils would cause a rather great change in the conditions under which work is carried on. I do not mean conditions merely arising from registration and inspection, but the abandonment of home work and the creation of special small factories?—I do not anticipate that, but I do anticipate that gradually the portion of a home, of a house, set apart for industries will be adapted for the work which is carried on there. It does not follow, and I have not proposed that it should be impossible to use the room for other purposes, but I do think it very undesirable that it should be also used as a bedroom. I have not ventured to suggest the provisions of the Act, but merely that such places, places which are used industrially, should come under supervision.

Mr. *Dale*—continued.

5440. And the places ought in your opinion to come under registration and supervision?—I should say wherever one person employs another, that is the first basis, but I thought it necessary to put in where people are working together in combination in order to avoid colourable evasions; but husband and wife I thought it was impossible to deal with in that way, and perhaps not desirable.

5441. And mother and daughter?—Mother and daughter I should wish to deal with in that way, I should not wish to make an exception between mother and daughter.

5442. Are there not thousands of cases in which registration or supervision would at once begin to apply?—Yes.

5443. And those are cases where the room in which two or perhaps three persons work is used as the living and sleeping apartment of one or more of them?—Yes.

5444. You would not object to the room continuing, even though so registered and inspected, to be used for that double purpose?—I think the pressure would have to be made very gently. I do not think it desirable that a room used as a workshop should remain used as a bedroom, but I do not propose that there should be drastic legislation on such a subject, it must be gradually pressed.

5445. Therefore it would come about that many hundreds, perhaps thousands of mere living rooms used also for working purposes would have to be registered and inspected?—Registered and liable to inspection; I did not propose that they should all be inspected, I do not think it could be done.

5446. Perhaps you would dwell upon that a little more; do you mean that it would take such an army of inspectors as could hardly be provided?—Exactly.

5447. Liability to inspection would not amount to much unless there was occasional inspection?—There must be occasional inspection, unexpected inspection, and there must be a real liability to a fine. The difficulty in my own mind lies there as to whether the fine could be enforced and collectable.

5448. Then that inspection and that liability to fine would have to meet two cases, the character of the building, and the observance of Factory Act legislation?—Yes.

5449. Because I suppose your idea would be to apply to the workers even in this small domestic workshop the obligations of the Factory Acts?—I should wish to put them as nearly as possible under the same regulations, under the same disadvantges if they may be so called.

5450. Of course you would admit that there would be very great difficulties in testing the accuracy of a register, we will say, of hours kept in such a place?—Very great difficulty; it would not be perfectly successful.

5451. What have you to say on the subject of fines?—The fines imposed would be either for structural defects which are the landlord's affair, or for misuse such as overcrowding or insanitation caused by the tenant, or working illegal hours, which are the affair also of the occupier. In order that both parties may feel the responsibility, I should propose to make the occupier liable for fines for defects in structure, but with power to recover from the landlord, and on the other hand the landlord should be liable as well as the occupier for fines on account of the misuse of the premises of whatever kind. The occupier if fined for structural defects would be entitled to stop the amount out of his rent, the landlord if fined for misuse would be entitled to collect the amount with his rent from the occupier or recover by a summary process.

5452. You would make the occupier primarily liable to the fine for misuse?—Yes. I do not know but that there might be the option on the part of the authority to make either responsible. I have not considered that, but the occupier should be primarily responsible.

5453. What induces you to suggest that the landlord should be held, if not primarily, at any rate secondarily, responsible for misuse of the premises as regards hours and so on?—I think that no system could be otherwise established which would be efficient.

5454. Of course such responsibility to the law on the part of the landlord must carry with it some power given to the landlord to enter and satisfy himself that there is no such breach being committed as he might be held responsible for?—Yes.

5455. Would that not be rather a serious inquisitorial power?—I think not.

5456. The premises being used for the double purpose of a workroom and a living room?—It becomes in effect a clause in the lease. The lease that I hold on my own house refuses me the power to carry on a trade in it, and thus in letting the room the tenant would take it with the responsibility that he must conform to the law.

5457. But you see it is very easy to ascertain whether a house is being applied for purposes forbidden in a lease, whether a shop is being created, or whether it is being turned into a wine or beer-licensed house, but to ascertain whether factory hours are being kept would cause, I was going to say, daily inspection; at least it would mean the right of inspection?—It involves the right of inspection. My view is that the landlord would recover from the tenant, that in fact it is only on the theory that he is able to recover that the tenant would continue to be able to occupy the premises and carry on his business. The landlord has the power of stopping the tenant's business, and that I take it is his security. He says, you have been fined, you have not paid the fine, I have paid it for you, and now you must add that week by week to your rent, and if not the shop is shut up, which is what it should be.

5458. Of course before the fine could be recovered from the landlord with his right of recovery from the tenant, the tenant would have to have notice of the proceedings?—Undoubtedly.

Mr. *Dale*—continued.

5459. And be a party defending it?—Yes, and therefore it may be better that the tenant should be first responsible.

5460. Perhaps you would now proceed with some comments following upon that point?—I fear it is not to be expected that the *employés* would voluntarily give evidence against their employers in cases of breaches of the law; but to put into their hands the power to do so might have some effect, and if the provisions of the law are simple and intelligible, and not unreasonable, it would, in my opinion, stand a fair chance of being obeyed. The sense of responsibility will be strengthened by publicity. In addition to a complete and public directory of workshops it has been suggested that every house used as a workshop should be ticketed with a metal ticket stating the fact. However simple the law, and however ready the acquiescence of the employer might be, more inspection would certainly be needed; but what is far more important is that their work should be better organised than it now is. I think the inspector should have an office for each district, with a clerk, whose business it would be to attend to registration and to the compilation of a local directory of workshops, and to all office work, thus freeing the inspectors entirely for their special duty.

5461. What are the consequences to be looked for?—We might hope to see the gradual separation of workroom from living room in the home, resulting in the creation of a true domestic workshop, and the improvement of the present workshops, or the substitution of factories in their place.

5462. What influence would this have upon the cost of production?—It is possible that the cost of production might be increased to some extent, at least for a time. Much would depend upon the provisions of the law, but assuming that the object is merely to bring all production as far as possible under like conditions, the enforcement of the law all round would rather tend to the higher organisation of industry with new and better forms of economy than to increase cost. Trades union action would be more possible and more effective in registered and regulated employments. It is to be hoped that this consequence would re-act in favour of the practices which the law seeks to enforce.

5463. I think it would be interesting if you would dwell a little further upon the point which you have just brought out, namely, that the result of such a system as you have been describing of registration and inspection would be, as I understand your view, not merely to render the working conditions more healthy and more simple, but would also have its influence upon raising the general standard of labour?—I think it would facilitate organisation amongst the workers to know where their people are, and how to reach them, that it would help the action of any organisers of labour, and that, in fact, we might hope to see organised the labour which is now employed in that way, and which is mostly unorganised.

Mr. *Dale*—continued.

5464. And being a help to organisation by the system of registration you would expect that higher wages, perhaps possibly shorter hours, and a general raising of the standard might result?—I should expect first that the result would be in favour of the faithful carrying out of the Act, that it would tend against those evasions which are very much to be feared. I think that there might be a sufficient spirit introduced into the *employés* to make them take their own part. It is evident that if they took their own part, with the workshops registered, and with the regulations of the Factory Act posted up in the room, the workers could insist on the law being carried out. At present, unfortunately, they do not. They are too much afraid, perhaps, of losing their employment, but I hope if they were organised, as I think they might be, that they would be bolder and more able to fight their own battles. The indirect results that you speak of might, I hope, follow, but I have not gone so far.

5465. I thought that you rather anticipated from that which you were recommending something more than that, which, of course, one recognises as extremely important in itself, the working under better sanitary conditions, under more seemly conditions, and the avoidance possibly of undue hours of labour amongst women and children?—I certainly do look forward to the throwing of some difficulties in the way of a competition which seems to me to be undesirable, a competition of work carried on in insanitary and uninspected workshops, home workshops, against that carried on in well-established and well-controlled large workshops and factories. There is, no doubt, in that competition a danger with regard to the question of wages.

5466. Would you desire to see an extension of the system of large factory working, superseding, in fact, home work to a large extent?—Yes, to a very considerable extent, I think it would be a desirable tendency, but not to the extent of driving out the other.

5467. But even in large cities you would still desire to see, as well as expect to see, a considerable amount of home industry?—I think so.

5468. Now, what have you to say as to individual workers?—The evils accredited to sweating apply frequently to individuals working by themselves in their own homes, who would escape the finest net of workshop regulation. It has been suggested that the employers should be made responsible for the conditions under which work is done, whether in factory, workshop, or home, and whether by workers working singly or otherwise. These provisions were made in a Bill introduced by Mr. Sydney Buxton last year. In this direction the Factory and Workshops Act of 1891 gives power to the Home Secretary to order any employer to furnish a list with addresses of those who work for him. I confess I see great practical difficulties in the way of this plan. It might be possible to put an end to all home work, but to

Mr. *Dale*—continued.

regulate the individual worker advantageously would not, I think, be feasible. Such work seems to me socially beneficial, and I see no way to improve the conditions under which it is done except by a general improvement in the conditions of life.

5469. I think you desire to add something bearing upon the benefits arising from the complete registry of factories and workshops?—Yes, I should wish to do that, but I should wish also to say here, if I may, that I owe a great deal in this inquiry to Mrs. Sidney Webb, who was Miss Potter, and Mr. D. F. Schloss, who were at first working with me, and who have since pursued the investigation independently, and very exhaustively, and I owe a great deal to their work. I do not, however, in any way speak for them. With regard to the statistical use of a complete registry of factories, I should wish to say that although the proposal is not in any way made with that idea or purpose such a complete registry would add material of great value to our industrial statistics, and might even be used as a basis, as the starting point, of an industrial census.

5470. You used these words a minute or two ago, "the evils accredited to sweating apply "frequently to individuals working by them-"selves in their own homes who would escape "the finest net of workshop regulation"; that rather suggests the question how far the suggestions that you have made in regard to registration and inspection would meet the evils accredited to sweating?—It does.

5471. The evils accredited to sweating would hardly be those merely of insanitary places of work or of long hours of women and children?—The rate of wages being one do you mean?

5472. Yes?—The effect upon the rate of wages as I have said might come through better organisation of work.

5473. You defined very clearly at the outset of your evidence what meaning you would attach to sweating and so on; of course by that definition you would not lead us to infer that the evils of sweating were the evils merely of insanitary workshops?—No; long hours and low pay and insanitary workshops are the three which have been generally recognised.

5474. And long hours not merely of the classes whose hours might be shortened by the enforcement of Factory Act legislation, but of others whose hours would not be so shortened?—There would be a very considerable field that would not be touched where people do not require to work in combination. Where one person does not employ another in the place where the work is done, where an individual works by himself in his home, I do not see my way to any control.

5475. Has your wide consideration of the subject led you to come to any conclusions as to the abatement of the evils of the sweating system as defined by you in other ways than those that you have just pointed out?—No, I think not; the combination amongst the

Mr. *Dale*—continued.

workers is by far the most important method that has been mentioned.

5476. What one feels is that your knowledge of the subject is so very considerable——?—I am afraid not.

5477. That one would not wish you to confine yourself to the strict limits of the outline of your views that you have just given, and we should feel indebted to you if you would enlarge further?—I am afraid I could not enlarge to add anything of any value, but I shall be most happy to answer any questions I can.

5478. Except what you may say in response to questions you feel that you have brought out all the evidence that you desire to furnish?—All that I can at present I think.

Mr. *Bolton.*

5479. Your suggestion as to legislation imposing responsibilities both upon the landlord and upon the occupier would be an entirely new departure, would it not?—Yes.

5480. Have you considered whether legislation of that class would not put an end entirely or have a tendency to put an end entirely to domestic work, would it not tend to that?—I think not.

5481. That is not your desire?—It is not my desire.

5482. Would you impose penalties upon the landlord for the misuse of a building which he lets, we will say as a dwelling-house?—If it i used for industrial purposes.

5483. But suppose he lets it as a dwelling-house, we will say a house of two rooms, and the occupier without the knowledge of the landlord misuses the house in the sense of working by himself and his son we will say, who lives in the house with him, for hire, would not that be such a great hardship, or at least too great a hardship upon the landlord?—I should not wish the fine to be so heavy that he might not fairly hope and expect to collect it from his tenant.

5484. But suppose he did not collect it he is not in fault?—I should be content that he should lose it.

5485. But he would not?—No, he would not.

5486. And he would hesitate to let a house. Then do you think it desirable that one man should be a proprietor of a great number of dwelling-houses of that class?—I do not think I understand you.

5487. Do you think it desirable that one man should be the owner of numerous dwelling-houses occupied by the working classes?—Yes.

5488. And you would impose upon him the obligation to visit such as those very frequently, every day of his life, or more than once?—I do not think so; I do not think that would be an obligation on him.

5489. It is not an obligation on him to visit, it is an obligation on him to pay the fine if the house is misused?—It is a charge on his rent

Mr. *Bolton*—continued.

his rent would have to cover the possibility of fines.

5490. Then you think that he would as a matter of course immediately raise his rents?—It might not be necessary, but if it were necessary he no doubt would.

5491. Do you not think there would be a liability to misuse of houses of that kind?—Certainly.

5492. Therefore if there is a certain liability to the misuse of a house, is there not likely to be a certain liability on the part of the landlord to raise his rent?—I think that the rent would be raised for a more efficient article; that would be the final result; you would have higher rents and a better article.

5493. Still would it not also increase the rents to those who did not contemplate carrying on any business of the kind; how would the landlord be able to distinguish between the man whom he could thoroughly trust in such matter and the man whom he could not trust?—If I may divide my answer I should say that the landlord would probably not have any very great difficulty in deciding whether industry was being carried on in his premises or not, visiting to the extent of finding that out would be within his power. It is when we extend it to his seeing that the provisions of the law are carried out in premises which are acknowledged as arranged for industry that I feel he could not visit often enough to do it; but I think he could without difficulty find out whether his premises were used industrially.

5494. But the great bulk of the premises of that kind are not arranged, I think, for domestic labour?—No.

5495. Therefore it would be the great bulk of the houses that he would have to inspect?—He would have to find out whether industry was being carried on in the house. I did not think that that as a rule would be difficult. Industry leaves its traces very plainly.

5496. Still he would require to visit very frequently to see those traces?—He would have to visit sufficiently.

5497. Very frequently, would he not?—I do not think so, for that purpose. For seeing that his tenants carried out the law, if he attempted to do that by visiting it would have to be very frequently.

5498. The occupation of such houses is not usual for a very lengthened period I think?—On the whole the population shifts frequently.

5499. Would not that increase the necessity for frequent visits and frequent inspection on the part of the landlord?—Yes.

5500. Therefore you would impose upon the landlord very considerable obligations?—Very considerable obligations.

5501. Which he does not at present undertake?—That is so.

5502. And all that would have a tendency I think to raise the rent of houses, would it not?—It would have that tendency.

5503. Do you think that is to the advantage generally of the labouring classes?—Yes, I think that the whole proposal is to their advantage.

5504. The simple raising of the rent?—No.

5505. That would not be?—No.

5506. It would be very much to their disadvantage, would it not?—Certainly, it would be to their disadvantage.

5507. There would be one great difficulty which probably you have considered, it struck me when you mentioned it. You do not propose to interfere with an individual working alone?—No.

5508. But you would interfere with an individual who employed his son or his daughter?—Yes.

5509. Would that not be a great difficulty?—It would be a difficulty.

5510. The proprietor of the house must necessarily find the two working together, or he must get evidence that the two did work together?—So far as the proprietor of the house is concerned I do not see that there is any distinction in his difficulties whether the man employs his son or employs a stranger, or not much.

5511. Only the son might be living in the house?—Yes.

5512. And the natural answer would be in the case of an inspection, "This is my son, he is living here"?—Yes.

5513. At the same time he might be actually a worker?—Yes.

5514. The liability there you would throw entirely upon the proprietor?—Yes, provided the industry was proved, provided the fine was enforced.

5515. At any rate, possibly that might subject the landlord to a considerable amount of litigation, or in some cases persecution, might it not?—I do not think I follow that.

5516. I suppose you would allow an informer to give evidence against a landlord for permitting work to be done within his property?—Yes.

5517. Might not that open the door to the persecution of the landlord?—I confess I have not considered the exact method of procedure, how the act would be enforced.

5518. You propose to make the occupier liable for the defective construction of the house that he occupies?—Yes.

5519. Would that not open the door to fraud?—Fraud against whom?

5520. Against the landlord. An occupier takes a house for a certain purpose; is it not presumable that he is satisfied with the house when he takes it?—Yes.

5521. Then you would allow him to allege afterwards that the house is not satisfactory?—I presume that he would apply (having taken the house for residential purposes) to the landlord and say, "I wish to use your premises industrially"; and that would bring in the landlord's necessity for getting a certificate of registration, and the landlord could if he was not satisfied call in the inspector at that time.

Mr. *Bolton*—continued.

5522. Would you compel the landlord to continue to lease on those terms?—No.

5523. Would you give the landlord power to terminate the lease, or would you compel the occupier to continue the lease as a dwelling-house alone?—The terms of the lease must be carried out if it is a house on a lease.

Mr. *Livesey.*

5524. Is it possible to state shortly what is the general character of work carried on in domestic apartments?—Shortly, it is the work which is carried out without machinery except such as is driven by the feet of the operator.

5525. Then, of course, that includes sewing machine work?—Yes, what is called power is generally not found.

5526. I can understand that. Then it would be mainly such work as tailoring and slop-working?—And cabinet-making largely, and a host of indiscriminate small trades which are beyond counting.

5527. Now as to the workers, do men or women predominate, do you think; in cabinet-making, of course, it would be men?—Yes. On the whole I should suppose women, but I have not added it up.

5528. You would suppose women?—I should think so, but I should not like to speak at all positively.

5529. I suppose there are a great many women, very large numbers of them, in fact, engaged in working at home?—Yes. On the whole, where they do not work in combination, where they are working alone, the women are out of all proportion to the men. But when we come to such industries as I am considering, where more than one person is employed at one operation, where they employ each other, or one is employed by another, there I do not think the proportion of the women is so very great. Even then they would probably be more than the men. But I am not quite sure of it.

5530. In sewing machine work it would be almost exclusively women, I suppose?—In very many cases working alone.

5531. Or working perhaps with a daughter?—Or working possibly with a daughter.

5532. Or with a sister or with an assistant of some kind?—Quite so.

5533. Why do these women have to work so. I will leave the men out altogether. What is the necessity which compels so many of the women to work; a good many of them are widows, I suppose?—To add to the family income, to make sometimes simply an income for themselves, and sometimes, of course, they are entirely supporting themselves. The usual motives for earning money apply, I think.

5534. What I am wanting to get at is, in the case of wives and mothers, are many of them obliged to work because their husbands do not earn sufficient?—They would evidently like more. It is so difficult to define "sufficient."

5535. Yes, perhaps it is. In your investigations you have seen all classes, and I daresay you have seen a couple of families living side by side, the men earning about the same wages; in one case the home is comfortable and the woman does not take in work, and in the other there is the extreme of poverty, and the woman has to keep the home together. You have seen that I daresay?—Yes, you see every variety of case.

Mr. *Livesey*—continued.

5536. I will come straight to the point. Is it because the men spend so much money in drink that so many women have to work?—That is one reason.

5537. Is it one great reason?—It is a great reason.

5538. Then the reason why they have to work is their poverty; and is their poverty in many cases caused by the drinking habits of the men?—Yes.

5539. How are you to remedy that?—I do not know.

5540. Then they being so poor, if they can hardly pay for one room how are they to pay for two; you want to have the workshop separate from the living room?—The industry would be charged with a higher rent.

5541. Yes, but then they have got to earn it; they must get a higher rate of pay?—Yes; it would not amount to very much.

5542. One other question. You have seen so much of this poverty. Is it not your opinion that if we could do away with the drinking habits of the people we should do away with nearly all the difficulty?—I do not think so.

5543. You do not. Do you not think we should do away with it very largely?—It is a very important factor.

Mr. *Tait.*

5544. Can you give the Commission an idea what is about the lowest wage paid to a male adult that you have come across?—Do you mean for a whole week's work?

5545. Yes, for a whole week's work?—I think the evidence which came before the Sweating Committee covered that. Some of the greeners, as they were called, practically worked for nothing; they worked for their barest keep, but they worked with the object of learning a trade and becoming afterwards self-supporting.

5546. What renumeration would they expect for the week's work when they became expert at that trade?—It rises to about 30s. a week.

5547. Let me take you to the tailoring industry. Could you give the Commission an idea what a tailor would be receiving who was working under these conditions, who either received the work in his domestic home from the employer direct, or through a middleman?—The sweating workshops in the tailoring trade consist of a group of individuals of varying skill controlled by the master man who himself does one of the most important operations. Sometimes the master man is presser and sometimes he does some other branch of the work. The wages vary from good wages down to the no-wages of the greener.

5548. Therefore it would be very difficult to get at the wages of a division of labour?—Very difficult. It is more easy with regard to the

Mr. *Tait*—continued.

women. The women take the work out into their homes, trouser-finishing, and work of that sort, and they get a price per piece which I fancy amounts at the lowest to about 1*d.* an hour and at the highest to about 3*d.* an hour.

5549. In the course of your inquiries did you ever come across in these domestic workshops either men or women working where infectious disease existed?—I have not. I have really had no experience that would touch that at all.

5550. In regard to the long hours that you spoke of, could you tell us what particular trade works the longest hours, which you have come in contact with?—I think the longest hours are worked in the absolute domestic industries, with which I confess I am unable to deal where women have work at home, and work at it mixing their work with their household affairs. The length of the hours is sometimes deceptive, because the work is not constant. They may have interrupted their work to attend to domestic matters. But they do begin very early and end very late, and nominally work the whole day.

5551. When you suggested placing these domestic workshops under the Factory Acts, had you in your mind then that you would considerably reduce the hours of sweated labour?—I should like to see them reduced.

5552. Had you in your mind then that by placing them under the Factories Act they would have to comply with the hours which the Factories Act says they shall work?—Yes, certainly.

5553. You said that you would like to see a wide extension of factory inspection?—Liability to inspection, yes.

5554. Have you thought out what would be a sufficient number of factories and domestic workshops for one man to thoroughly examine and report upon?—I have not dreamed that it would be possible to deal with it in that way.

5555. You could not deal with it by any special area?—Do you mean exceptional areas.

5556. What I mean is that you could not divide, say London, into 50 different parts. You would have to take the special places where these works were carried on, and to define the number of those workshops and factories which would be a man's special duty and special work. You would not, say, "Put one man in Whitechapel," for instance, would you?—He would have to have a district.

5557. He certainly would have to have a district, but would you not also say it would be much better if he had a number of workshops rather than a district?—Surely it comes to the same thing if they are registered, the district involves a number of workshops.

5558. But in one district there may be 60, and in another there may be only 30?—The districts would no doubt be districts the boundaries of which would ultimately depend upon the number of workshops contained in them, but with other considerations. Distance is one element, a man would not do so much if his workshops were scattered, he would have to have a smaller number to attend to if they were very much scattered. So that it would finally come to be a question of district and numbers.

5559. You are prepared to take into consideration the number of these workshops?—Yes, excepting that I do not think it would be possible to inspect them in the sense of seeing by inspection that they carried out the law.

5560. What I was wanting to get at was this. We have an idea, for instance, of the number of those domestic workshops which are presently existing in London, and we have an idea from Government returns of the number of factories which are in London; and what I want to get at is what would be the actual cost of placing those inspectors, because if this Commission is to recommend in favour of accepting your recommendation, and to suggest in its report to the Government that these things ought to be done, it might, perhaps, be as well, if we could get it, to give an idea of the cost of placing those inspectors down?—I think that the clerical staff must be complete, that the complete knowledge must be obtained and kept fresh of all the workshops however small. The number of inspectors I should think would depend entirely upon the possibility of exacting penalties. I do not think it at all necessary to examine very much if, when fault is found, fines follow.

5561. In answer to the Chairman you said that it had been your experience that even where the work was given out direct from the employer the price was the same as when it came through a middleman?—Usually, not invariably.

5562. Did you ever come across a case where the employer both gave it out direct, and also through a middleman?—Yes, I believe so.

5563. Do you think that a very wide extent of propaganda on the lines of the co-operative system would relieve the East End of London in this respect?—The co-operative workshops have not succeeded so far. Many attempts have been made, and as far as I know they have usually, though not always, failed.

5564. Do you know the reason of the failure?—I think the problem is a very difficult one. I think success is very difficult.

5565. They have not been supported I think by the East End of London people, as they ought to have been, that has been the cause of their having to give up their business?—Do you mean now not supported by the purchasers?

5566. By the purchasers?—That may be so.

Mr. *Austin.*

5567. I do not understand why you should exempt the employer from responsibility and throw the onus both on the landlord and occupier, inasmuch as you think the employer is to a great extent responsible for the sweating system?—It is a matter of convenience. I do not say for a moment that he ought to be free from responsibility.

5568. In this scheme the onus is thrown upon the occupier and the landlord, and there is no mention of the employer?—Yes.

Mr. *Austin*—continued.

5569. Do you not think that if the responsibility was thrown upon the employer it would tend to the decrease of sweating?—I do not think it is practicable. I do not think it is a feasible plan. That is my only answer. If it can be shown to be practicable I suppose I I should accept it.

Mr. *Dale.*

5570. Of course the employer in all cases of which you are speaking is a person paying by piece?—Always.

Mr. *Austin.*

5571. Evidently there seems to be a great advantage in this work being given out to such an extent, and if the responsibility as I say was thrown upon the employer he would see at once the desirability of creating a factory for his own use, and thereby it would tend to the decrease of sweating?—I think it would be an admirable engine for putting a stop to home work, but then I do not contemplate that, I do not think that would be desirable. As you have just said, making the employer responsible would lead him to think, "Why should I employ these "people in their houses, I would much rather "build a factory and inspect them there." I think that would be the effect.

5572. I take it your desire is to reduce the evil of sweating; therefore if you see that the great lever for doing so rests with the employers why should it not be adopted?—Because I believe the mischief to be done in that way would be greater than the good.

5573. How?—You would take away the possibility of work from all those who were not able to do it in factories.

5574. If the evil is lessened would it not be better to pursue it through such a means, rather than in the opposite way by throwing the onus upon the occupier and upon the landlord?—I think not because I do not wish to alter the character of the industry to that extent, to say that no one shall be engaged in industries except in factories. I think that would be a very great hardship, and a great evil, and I believe that the results we want can be got at in another way, without incurring that evil.

5575. I should like to have it more clearly before me how the occupier of a house is to be responsible for structural defects?—Structural is perhaps a difficult word to adopt, but we will take sanitary, we may take that; structural should be settled at the time of the registration.

5576. I will adopt sanitary. Is it just or fair to throw upon the occupier of the house the responsibility for the sanitation of the house?—Yes; if when he is fined he may stop it out of his rent, I do not think there is any great hardship in it.

5577. Do you not think the onus should be thrown upon the landlord?—I think it would be if it is stopped out of his rent.

5578. By the present process of the law would it not be rather a difficult thing for an occupier to be going to law if he had to change his residence from time to time?—Would he have to go to law in stopping it out of the rent? I think not.

5579. Yes; if according to your scheme you throw the onus upon the occupier of every house that he changes to from one to another; if he is responsible he will be in continual litigation for putting his house in proper repair?—I do not see how the litigation would begin. I take it in this way, if we may take a case: the inspector finds that the closet is completely out of order, and that it is in a dangerous condition for health. The occupier thereupon is fined. It may, of course, have been the occupier's fault. On the other hand it may have been the landlord's fault. The thing has to be stopped, and the occupier is fined 30*s.*, or whatever it may be, and he has the right to stop that out of his landlord's rent. The landlord's business is to set it right, and on this proposal the tenant may deduct the amount of the fine from the landlord's rent. Where would litigation come in there.

(*The Duke of Devonshire here took the Chair.*)

Mr. *Dale.*

5580. You do not regard that perhaps as a very important feature in your scheme?—No.

5581. Your scheme rests mainly upon registration and inspection?—And joint responsibilty, joint responsibility to the community.

Mr. *Austin.*

5582. I regard it as a very important matter to the occupier, who might not be in a position to put his house into a sanitary condition, and I think the onus should be thrown upon the landlord?—So do I.

5583. As regards rent in the East End of London, what would a man, earning from 1*l.* a week to 30*s.*, have to pay for rooms to live in?—It depends on the neighbourhood; it depends on so much, rents are exceedingly high, 3*s.* or 4*s.* a week.

5584. We will say two rooms in the eastern district of London, what would you have to pay for them?—About 6*s.*

5585. 6*s.* a week?—5*s.* or 6*s.*

5586. And for three rooms?—About 7*s.* 6*d.*

5587. And this comes out of this 1*l.* or 25*s.* a week that he earns?—Yes; if he only earns 1*l.* he would not occupy three rooms.

5588. He would only occupy two, I suppose, or one?—Unfortunately often only one.

5589. And that room often is turned into a regular workshop?—Very improperly I think.

5590. Is Government sweating carried on to any extent in the East End of London in certain trades?—What do you mean by Government sweating?

5591. I mean Government contracts given out to sweaters?—I have heard, I do not know whether it is the case now or not, but at the time that I was making the inquiries in 1887 I

Mr. *Austin*—continued.

heard that some work given out by the Government at good prices was passed down, that there was real sub-contract there, it was passed down to others at much lower figures than the Government was paying. But it is not my own information and I do not know that the thing is happening now. My impression is that attention was called to it and that measures were taken to prevent its recurring.

Professor *Marshall.*

5592. I suppose you regard the remedies that you propose not as perfect remedies, but as remedies going a certain way for curing a very great evil ?—Yes.

5593. The objections that your plan would not be carried out perfectly would be in your opinion not fatal objections ?—No.

5594. Have you explained quite fully the ways in which you think it is likely that the improvement of factory and workshop legislation may tend to increase the evils of domestic work ?—I have not.

5595. Would you kindly say a little more on that ?—It appears to me that any increased pressure put through the Factory Acts upon industries carried on under certain conditions to which those Factory Act regulations apply must have the tendency to drive work into other methods of production which are not so regulated, and that that would be an evil, and, in fact, seriously hamper the action of factory legislation.

5596. You are in favour of increasing the stringency of factory and workshop legislation generally ?—I think so, but I am first of all in favour of making it press evenly.

5597. Yes, but you think that before we increase much the pressure of workshop or factory legislation we must put some pressure on domestic work ?—Yes, I think you could not increase the pressure without first extending its area.

5598. Have you considered the possible influence of the cheapening of electric power on the tendency of more stringent factory and workshop legislation to drive work into the houses ?—I have considered it, but not at all exhaustively. It seems to me a most important point.

5599. I am not quite sure that you did not change the use of the term employer in the course of your evidence. I want rather to get this cleared up. At the beginning I think you said that you would regard a man as an employer who was working with anyone save his own wife ?—Yes, there would be common employment which would have the same effect.

5600. Later on you said, I think in answer to Mr. Tait or Mr. Austin, that you did not propose to make the employer responsible; you then had a different employer in your mind ?—Yes, that was so.

5601. Is it that you would not make the giver-out of work responsible ?—Yes, that is the correct way of putting it.

5602. You have spoken of the occupier and the landlord; may there not be three persons,

Professor *Marshall*—continued.

the landlord, the tenant of the house, and the person who has rented the room, or the part of the room, in which this domestic work is being done ?—Yes, but I do not think it would be possible to recognise more than two, the receiver of the rent and the payer of the rent. I do not think that you can recognise the sub-letting of a room in a tenement, but that is a difficulty which I perhaps have not sufficiently considered.

5603. Then who would be the people whom you would choose, the ultimate landlord and the actual employer or the tenant of the house and the actual employer ?—I am afraid I have not sufficiently thought that out. The impression in my mind was the tenant of the house and the person to whom that tenant paid the rent. I do not think I have sufficiently considered that point; it is a difficult one.

5604. They are all to be together responsible to the community, or if we take only the two, the landlord and the ultimate employer, they both are to be responsible to the community for the proper conditions of work ?—Yes.

5605. Is it rather somewhat in this way, that one of them is to be in the position of the acceptor of the bill, and the other in the position of the endorser ?—I think that is a very good way of putting it.

5606. Might it be that the landlord was in the position of the acceptor of the bill so far as sanitary defects go while the immediate employer was in the position of the acceptor of the bill so far as the conditions of the work itself went ?—I think that exactly expresses it.

5607. You have said that the present evils of the sweating system could be much diminished by the spread of organisation among the workers ?—Yes.

5608. Would you explain in what way; have you any particular ways in your mind ?—No, I think I have not any particular way. The whole conditions of work, including wages, I think do depend largely upon the organisation of the workers.

5609. The point I meant was, do you propose to give the workers when organised a power of doing something like amateur factory inspectorship through their officials, so as to get over the difficulty that an *employé* does not like to complain against his or her employer ?—I should hope that something of that sort might act.

5610. Things of this kind have rather been discussed, I think, on some of our committees. Do you think that this would be an effective way of bringing about thorough factory inspection without great cost to the State ?—I should be hopeful of something of that sort happening.

5611. You have spoken of inspectors; have you considered the necessity for inspectresses ?—I have not. I did not wish to exclude the possibility of inspectresses.

5612. Are you inclined to think that they are needed ?—I have not really considered it.

5613. Are you of opinion that a factory inspector spends a good deal of time now on

Professor *Marshall*—continued.

clerical work?—I know he does, or else the necessary clerical work is not done, which is more the case.

5614. So that if there were a clerical staff the clerical work probably would be better done, and also the inspecting would be better done?—Very much.

5615. This complete registry of domestic workshops, as well as others, would involve a great deal of clerical work?—Yes, a great deal.

5616. You said that the material thus got together would go a good long way towards supplying us with an industrial census?—Yes; supplying the basis for an industrial census.

5617. I think you approve the suggestion that the givers-out of work should make a return of the persons to whom they do give out work?—I think it is a good suggestion that they should keep a list. Did you say make a return? I think that may be very useful, but I had not included it.

5618. But a complete register of all factories, workshops, and domestic workshops, and of all persons who take out work from givers-out (of course there would be many double entries), these together, if complete, would be a perfect industrial census, would they not. I should perhaps say a perfect census of occupations?—They would be the commencement of it, the basis of it. It would not be complete without a good deal of further investigation.

5619. It would not be all we wanted without anything further, but the numbers would be all there, would they not?—Not necessarily, because the registration would not say definitely how many people were working in a workshop, but only how many it was registered for. I take it that a shop would be registered as a shop for four men, five men, or ten men; but it does not follow that four, five, or ten men would necessarily be working there always, or at any particular time.

5620. I ought to have said the registration taken together with the entry with regard to the registered workshop in the factory inspector's books because he always would have to enter that, would he not?—I conceive that to arrive at a census you would still have to enumerate, that you would still have not to inspect but to enumerate on the occasion chosen for the industrial census. You would have your list; you would have your addresses; you would know what the shops were and you would know about what they were intended to provide; but I think the enumerator would have actually to visit them as he now visits for the ordinary census and see actually how many people were working them on the day chosen.

5621. But the factory inspector does have records, does he not of the number of people working in each factory?—I do not think he could do so with such multiplication of shops as we are speaking of. May I add in part response to what you have said I do think that the keeping of the list of the work given out by the employer would be of very great importance in assisting the clerical staff to find out whether all the shops were registered.

5622. I think you took part in an attempt, unfortunately futile, to get the Government to sanction the making of a special employers' census sometime ago?—Yes, I am afraid it was so. The suggestion was an employers' census to follow the numerical census of 1891, and it was not accepted.

5623. Would you kindly describe that suggestion a little more fully?—The suggestion was that after the ordinary census had been taken a selection of the picked enumerators should follow it by seeking out the numbers of the employed trade by trade; but I have felt that they would not have sufficient means of finding out where the employed were to be found unless they had such a list as this would provide. With such a list I think it can be done as a rider to the other census, adding a good deal of information, and especially throwing light upon the figures which are now got through what are called the occupation returns.

5624. I think the process of that inquiry tended to show that there were not in the Registrar-General's department a sufficient staff of persons with specialised knowledge to superintend work of this kind, as well as it could be done by the aid of the factory inspectors, and that the factory inspectors had a very valuable knowledge which was not possessed by the staff employed by the Registrar-General?—I think that is so.

5625. It would, therefore, be working towards the end which you had then in view, if this registration should lead the way towards an employers' census of the kind you then asked for, with the aid of and, perhaps, under the management of the factory inspectors?—I should not venture to say in what way it would be best done. It would be a combination between two Government departments, and in what way that combination would be best made, it would be beyond me to say.

5626. I did not mean to go beyond this; that you think that the active co-operation of the factory inspectors would tend very much to make any industrial census thorough, and that it would be difficult to get any industrial census without that co-operation?—Yes, but it would follow some such extension of the sphere of the factory inspectors as we are now discussing.

Mr. *Gerald Balfour.*

5627. I think you gave it as your opinion that sub-contracting is not a necessary element in the definition of sweating?—Yes.

5628. Is the profit of the middleman a charge upon the work or upon the worker?—Usually upon the work; but I, perhaps, ought to ask you to say what description of work. Is it merely distribution that you are considering?

5629. No, I am speaking of "sweating." So far as the sweater is a sub-contractor, and, therefore, a middleman, does he intercept profits, which would otherwise go to the worker?—No; he is paid for his organisation of their labour.

Mr. *Gerald Balfour*—continued.

5630. So that his profits are a charge upon the work, and not upon the workman's wages?—Not entirely; it is partly the one and partly the other.

5631. Partly the one and partly the other?—I think so; but mainly his place is that of an organiser of work, otherwise difficult to organise, for which he is able to get the labour, perhaps, more cheaply. Mainly he makes it work more efficiently.

5632. If he were eliminated would the condition of the workers be improved?—I think not.

5633. Then you do not think the evil arises from the inhumanity of the employers so much as from the competition between the workers themselves?—It is not due to any great extent to the inhumanity of the employers. The competition is wider than that, I think. There is a competition between the workers themselves, and there is a larger competition of the various small masters with each other, which causes them to press harder upon those they employ.

5634. It is the all-round competition, then, in the sweated industries which is the cause of the very low wages and the unfavourable conditions under which the workers work?—Yes; competition of both characters; competition amongst the workers and competition amongst the masters.

5635. How far do you think that the evil could be cured by organisation among the workers?—To a very considerable extent.

5636. Is not the present want of organisation and helplessness of the workers due to a large extent to the fact that there is an over-supply of labour in the sweated trades?—It is partly due to that, no doubt.

5637. Would you say it is chiefly due to that?—No, I think not. I think it is chiefly due to want of capacity.

5638. In an industry where there is a surplus of labour, an over supply of labour, is it not very difficult to establish an organisation embracing anything like a majority of the workers?—To what extent an over-supply? All organised industries have, in a certain sense, an over-supply.

5639. I mean such an over-supply as produces the evils of sweating?—Yes; we are in a vicious circle there. I admit it is difficult to get out of it.

5640. Where organisation has been established in a trade greatly overstocked with labour, has not the result sometimes been to leave the inferior workers less well off than before?—I think it would have that tendency, but I do not know of an instance.

5641. Those who joined the organisation would in general be the superior workers in the industry, and, while they would be benefited, the inferior workers, who are left outside, might be placed at a positive disadvantage?—It is not always the case that the superior workmen are those that are organised, or rather that all the superior workmen join in the organisation. It is the case that they are the more energetic men and, on the average, the better workmen; but there are often causes which keep the best workmen as individual workers; they can fight their own battles without the organisation.

5642. But, speaking generally, would not the more energetic workers be also the best workers?—Speaking generally, yes.

5643. Was there not a conspicuous illustration of this fundamental difficulty attending the establishment of trades unions in trades where the labour market is largely overstocked, given by the Dockers' Union, which, I think, at one time entertained the idea of making itself into a close corporation, while attempting to prevent outsiders from obtaining any work at all at the docks?—Yes.

5644. That you would regard as an illustration of this fundamental difficulty of organisation in trades where the labour market is largely overstocked?—Yes; if organisation is to be complete, is to cover the whole; but then it does not in any trade, or hardly in any trade, do that.

5645. But in trades where it does not cover the whole, what is the condition of those left outside, is it not apt to be worse than before the organisation was started?—It may be temporarily, but certainly not permanently. May I say that I think the overcrowding is largely due to incompetence, that is to say, that those trades which anybody can do are apt to be overcrowded; there is an inter-connexion there between overcrowding and incapacity.

5646. But you are not prepared to say that one is cause and the other effect: it is a case of action and reaction?—It is very difficult to say which comes first.

5647. Do you think it would be correct to say that the demand for cheap goods is partly responsible for the evils of sweating?—I think it is.

5648. To what extent would that be the case?—Simply that these methods of production do lend themselves to bad, cheap work. If there was no demand for poor, cheap work, no doubt the sweating industries would not prosper as well as they do.

5649. That is to say, if the demand for such work ceased, those who now find employment in these industries would no longer be able to find employment there?—They would have to be differently organised at any rate. I do not think it follows that they would find no employment, but the organisation would have to be a different organisation.

5650. So that to boycott "sweated" goods would not necessarily improve the condition of those who are now engaged in sweating industries?—Its immediate effect would be disastrous to them I should think.

5651. It would expose them to the danger of earning nothing at all, of being deprived of their means of livelihood?—Yes, to the dangers of an industrial change.

5652. In fact the problem is to get rid of the surplus workers, but not by any method which would immediately extinguish the industry itself?—Yes.

Mr. *Gerald Balfour*—continued.

5653. For the present you do not think any great improvement can be effected save by measures such as you suggest for improving the sanitary condition of the work-places?—The methods of improvement must be slow; if they are slow anything becomes possible, the change ceases to be dangerous.

5654. Do you think that any good could be done by immigration laws?—I doubt its having any important effect, that is to say, by checking the advent of a certain population.

5655. To prohibit the immigration of pauper aliens?—I think it would have very little effect.

5656. Is not the surplus of labour in some industries in the east of London due in large part to the immigration of Russian and Polish Jews?—Yes; there are cases in which a great deal of hardship and a great deal of suffering comes from that.

5657. In those cases would no good be done by checking immigration?—It would be useful in those cases.

5658. How far do you think that a legal limitation of the hours of labour would be a cure for the evils of sweating?—I do not think it would have any necessary effect, or any effect standing by itself. If it was part of a general improvement and part of a better organisation, it might be very important.

5659. In itself you do not consider that to reduce the hours of labour, say to eight, in the sweated industries would be of any advantage to those engaged in those industries?—No.

Sir *Frederick Pollock.*

5660. As regards the people you propose to make liable for the conditions of the houses where home work is done, and for the conditions of the work itself, I understand you would not in any case go further back than the person who receives the rent of the house?—No.

5661. You think you might go back as far as that?—Yes.

5662. It may be suggested as an objection to making the occupier or the landlord liable, that he is made liable for things which are not his own fault?—Yes.

5663. I do not know whether you are aware that by the common law as it stands the occupier of buildings, or other permanent structures often is liable for things which are not in any sense his own fault. As for example, if he has employed a contractor whom he supposes to be perfectly competent to keep an external wall or structure overhanging the roadway in repair, and by the contractor's incompetence it tumbles down and hurts persons lawfully passing by, perhaps you are aware that by the common law as it stands the occupier of the structure is liable in such a case, notwithstanding that he may have used the utmost personal diligence to get the work properly done?—I was not aware of it, but I am not surprised.

5664. In one or two other cases which I need not specify, the duty of an occupier of land, extends so far as to make him liable for damage which arises without any negligence of any

Sir *Frederick Pollock*—continued.

person being proved at all?—I was not aware of that.

5665. There are cases of keeping dangerous things on one's land, in which the liability really extends to making the occupier of premises an insurer as against damage happening by certain kinds of accidents?—I did not know it.

5666. Therefore, what you suggest as regards making the tenant of the house responsible in those cases of rooms being used for particular kinds of work might be put as a sort of extension, on special grounds of public policy, of the line which the common law has already taken without any positive legislation?—It would be no doubt a very considerable extension one must admit.

5667. You would, of course, not make the tenant of the house liable to the person doing the work, because the person doing the work would be fully acquainted with the state of the building before he began to use it in that way; you would not propose to give the person doing the work in the house a personal right of action against the tenant of the house, or the landlord receiving the rent?—No.

5668. The only way of making the house tenant answerable would be to make the unfit condition of the building for the work which is done in it a public offence and punishable by fine?—Yes.

5669. I suppose one result of that would be that persons letting houses which are at all likely to be used in this way would be more keen about protecting themselves than they have been hitherto. For example, they would probably introduce special and more stringent covenants in the lease, or clauses in their agreements where the tenancy was not by lease?—I think so.

5670. The effect of that so far would be to make the tenancy less desirable; I mean all restrictive covenants, so far as they go, make a tenancy less desirable?—Yes.

5671. Then to that extent the effect might actually be to reduce the rent in some cases?—I think it would tend, on the whole, to raise the rents, but there is a tendency in both directions.

5672. You think on the whole that the result would be to get a better class of tenants?—A better class of tenement and a better class of tenants; it would have both effects, but at rather an increased rent is my view.

5673. You think the balance of the tendency would be towards an increase of rent?—I think so, but I do not know that it would materially affect rents all round, I think it would affect them where industry was intended to be carried on.

5674. I suppose that in parts of towns where this kind of occupation of workrooms was common, the tenant of the house or the immediate landlord would very possibly find it worth his while to protect himself by insurance against any liability to fines of this kind?—There would be no objection to that that I can see, because in

Sir *Frederick Pollock*—continued.

that case the officer of the insurance company would act as an inspector, you mean? I had not thought of it but I see no objection to it.

5675. I was not suggesting that it was objectionable, I was rather suggesting that it might make the whole thing work more smoothly and with less hardship to any individual?—I think it might, but I confess I had not thought of it at all.

5676. As regards the suggestion of making the employer liable, I suppose you would say that in the first place it is impossible for the employer who gives out work to verify the conditions of every place in which it is done?—I think it is very difficult, it seems to me not feasible.

5677. And also the condition of the place in which the work is done is not in any way under the employer's control?—I think it would be very difficult to bring it under his control in any way.

5678. And it would not be practicable to give him a right to go and inspect all the places where his work is done?—I think it would be very difficult, in fact I think the proposal is one having really, for its object the closing of the workshops entirely.

5679. In fact, therefore, your proposal is to make everyone responsible for that part of the work and the conditions of the work which may be said to be under his own control?—And for which they are paid, yes.

5680. Do you think that the adoption of regulations of this kind would tend to raise the general standard of living among the persons employed?—I do think so.

5681. And in that way would indirectly tend to the production of better work?—I think so, I hope so.

5682. And ultimately would educate the consuming public to a better discrimination of good from bad work than is now common among them?—I hope so.

5683. I am putting that as a remote consequence, not as an immediate one. You distinctly say that you do not expect any very startling results in the way of improvement all at once from any scheme of this kind?—Very slow indeed, I should have thought very slow.

5684. Perhaps in the course of a generation or so certain good would result?—Yes, I should hope before that; I think it may be counted in decades rather than in generations.

5685. After all material improvement at the end of 10 years is something that people now living can look forward to?—Yes.

5686. I suppose we might put it as your view that you think the ultimate improvement must be an improvement all round, and by the gradual education of both the workers and the consumers?—Yes, by the bringing together of a great many convergent influences only, is it possible.

5687. You must educate the workers to have a higher standard both of their own living and of the quality of the work that they do?—Yes.

5688. And you must educate the consumers to be a good deal more alive to the difference between good and bad work, and to its being ultimately to their profit to get good work even when it does not look quite so cheap?—Yes, that is very desirable; but above all I think that a heightened sense of the responsibility to the State, to the commonweal, of those who are responsible for industry is very important.

5689. You do not suppose that any new regulations of this kind would not be sometimes evaded?—Evasions would be very numerous no doubt.

5690. I suppose the Factory Acts as it is are evaded?—I suppose so.

5691. But you think the law would be sufficiently obeyed to be on the whole effective?—I believe so.

5692. You think it would be not much worse obeyed than most existing laws are?—I am afraid at first it would be evaded a good deal, but gradually I should hope that the evasions would become much less numerous in proportion.

5693. You think a public opinion would gradually be formed which would keep the people up to the law?—I believe so and hope so.

5694. And you think that the cost and friction and inevitable hardship which would be inflicted on individuals in some cases would on the whole be not a greater price than it was well worth the while of the commonwealth to pay for the resulting improvement?—Yes.

5695. In fact you think there is a process of improvement already going on to a certain extent?—Yes.

5696. But that it would be possible for regulations of this kind to accelerate it at a cost which should not be excessive?—Yes, I think so.

Mr. *Courtney.*

5697. I understood you to say that you did not think it possible to interfere with individual workers working in their rooms?—I do not think so.

5698. More than that, it would not be desirable to do so?—Not desirable to make it impossible for them to get work. I did recognise that it would be possible to prevent their getting work at all, but the difficulty is to regulate the conditions under which they take that work.

5699. Do you think it is not desirable to prevent their getting work in the interests of the work they do, or because they represent a class, interference with whom would do more harm than good to them?—It is not so much that they represent a class as that they are individuals deserving of consideration.

5700. I mean that there are persons helpless, and with not many opportunities of employment, and to interfere, as this interference would operate, with their labour, would do them harm without doing the community any particular good?—It would be a very great hardship, an undeserved hardship, and, I think, a hardship that one should have no right to impose upon them.

5701. It would not only be hard, but it is desirable that they should have such opportunities of employment as they can get in that

Mr. *Courtney*—continued.

fashion?—I think so; I think it is desirable for them and desirable for the community, desirable in every way.

5702. And you would regard a husband and his wife working together as one person?—I think it necessary to do so. I do not think you can practically do otherwise.

5703. Beyond that, two or more persons working together would be regarded not as one person, but as persons coming under the operation of your scheme?—I should wish for it to be so.

5704. It would be very difficult with two sisters working together?—Very difficult. The object of extending it to that is to avoid evasions. People may declare themselves sisters or declare themselves children.

5705. It is a very common fact of life to find sisters working together as seamstresses, or doing tailoring work in a room?—If it is possible to introduce exceptions that would be an exception which it would be desirable very often to introduce.

5706. In the case of the widowed mother and daughter?—Yes; there is no principle involved. As a matter of practice cases might often occur where it would be very desirable that the law should be relaxed if it is possible to allow relaxation.

5707. But you do not think at starting it would be necessary to make such exceptions?—I have not thought so.

5708. Do you think the hardships of interfering with a single worker would not extend to the hardships of interfering with two sisters?—It would be just as objectionable if it tended to put a stop to their work, but I do not think it would.

5709. Have you considered how many rooms would come to be registered in London?—I have not, but an enormous number.

5710. Could you give any figure to it?—No, I could not.

5711. In order to carry out even the slight possibility of inspection, of which you spoke, it is necessary to have ready a considerable number of inspectors?—Yes.

5712. Mr. Tait asked you as to the range of an inspector. Could you take any particular parish or district and say what, in your mind, would be the number of inspectors wanted in it, take Lambeth, or Southwark, or Whitechapel?—I have not attempted it, and I have hardly the material.

5713. Would you think it necessary to have an inspector for each of those districts?—I should think so, probably.

5714. Do you think one might do?—I really have not made a calculation. I should doubt one doing it, but it is possible that they might have assistants.

5715. You would make the lettor of the room liable for the misuse of the room?—Yes.

5716. Are there not many forms of misuse which the lettor would be wholly unable to foresee, or even to know was going on?—Yes, I think so

Mr. *Courtney*—continued.

5717. Is it not rather strong to make the lettor responsible for that which he could not know and could not foresee?—I think that he might protect himself through the rent, and I presume he would do so. The final effect must lie upon the rent.

5718. You propose a slight penalty, but however slight it would be it would be necessary for the lettor to recover it from the occupant in the case of a misuse?—Yes, unless the fine had been in the first instance recovered from the occupant.

5719. Of course we are speaking now of the liability of the lettor of a room for a misuse of which he was unconscious, and which he could not have foreseen?—Yes.

5720. Take the case of a mother and daughter of whom I have been speaking, who have been occupying themselves in directing envelopes, a very poorly paid industry, however keen the lettor of the room may be, that kind of industry might easily be carried on without any possibility of knowledge on his part?—Yes.

5721. And yet that might introduce a liability on the part of the lettor?—Yes.

5722. Have you considered the possibility of recovering penalties by the lettor from such tenants. Are they not capable of easily flitting from the room?—The lettor would suffer in some instances undoubtedly.

5723. Having paid the penalty, proposing to recover it with the rent, he would find the tenant gone?—He would have to consider the character of those he lets to more than he now does, and he would have to obtain what security he could that they would act as his tenants in a proper way and ultimately, it appears to me, that it is a commercial transaction which the rent must pay for. Sir Frederick Pollock suggested that it might be insured against, and I do not see why it should not be.

5724. Rather a slender form of business for an insurance company to undertake?—Practically it would come to this in my view, that the lettor would have to consider in the bargain that he made in the letting of a house whether he allowed it to be used for industrial purposes or not. He would have to consider that chance; it would be a liability belonging to his business.

5725. And so far, if penalties were levied upon the lettor which could not be recovered they would have to be made up by an additional rental all round?—Yes; but I think it would fall practically upon the industrial premises, not all round, in the sense of upon all the houses, as was suggested by Mr. Bolton.

5726. But suppose an Industrial Dwellings Company, and they are a kind of people who would be open to this miscarriage, had a great number of rooms let out, some of which, unknown to them, were occupied without registration, and a penalty was imposed; such an Industrial Dwellings Company, in order to secure the remuneration for their outlay which would be necessary for them to carry on their operations, would have to get a rent for their rooms as a whole which would cover this extra risk?—The Industrial Dwellings

Mr. *Courtney*—continued.

are not, I think, much let for industries. I think they do already control their occupants more almost than any other landlords. The caretaker of an industrial dwellings is very much on the spot all the time, and would probably be better able to manage it than anyone else. I think they would stand at an advantage over other landlords.

5727. I am not considering so much the case of rooms let for industries, as rooms being let for occupation and then being turned to use in industries?—I think in the industrial dwellings it would be found out.

5728. Now, as to the comparative difficulty of working this through the lettor of the room and through the lettor of the work, you are clearly of opinion that it is easier to work it out through the lettor of the room than through the lettor of the work?—I am not clearly of opinion that it is easier to get at it in that way, but I am of opinion that the consequences would be less injurious to the system of work out of factories. I think that you could, by enforcing a penalty upon the employer, make him decide that it was not worth his while to give out work, and that he would manage to do his work in a factory, which would take work away from out-workers altogether. But my difficulty is that I do not see how in that way you are to regulate it, and it is regulating it that I desire, if it is possible to manage it.

Professor *Marshall.*

5729. You used the term "employer" again, I think?—I meant the giver-out of work.

Mr. *Courtney.*

5730. Your objection, therefore, to attempting to check this through the giver-out of work is not so much the difficulty of doing it, but that it might operate in that giver-out building a factory of his own and so discontinuing out-work?—Yes. I do not think it would tend to regulate the outwork, but I do think it would tend to throw difficulties in the way of out-work.

5731. If building a factory of his own brought the out-workers into that factory, it would be an advantage?—I do not think it would bring the same people in, because there are many who can take work at home who cannot conveniently go to a factory.

5732. At the same time, if you are going to add to the number of factories a particular class of work and discontinue the out-work, there would be a tendency to bring some of those who are out-workers, perhaps not all, into the factory work?—I hope so. I should prefer the factory system, but I do not so much prefer it as to wish it to crush out the other forms of industry.

5733. With regard to the other branch of your proposal, that is, making the tenant of a room liable for misconstruction or want of proper provision, the provision might not be necessary for the purpose for which the lettor of the room let it, although necessary for the purpose to which the occupant had converted the room?—I take it that the conversion would imply a new bargain. A room let for domestic purposes would not be allowed to be used legally for industrial purposes, and if the tenant wished to use it for industrial purposes, he would have to tell his landlord that he wanted this, and between them they would have to get a certificate, and that certificate would involve practically a fresh bargain.

5734. What we are rather confessing might happen would be a conversion unknown to the landlord, to the lettor, so to say?—I may be wrong, but I imagine the landlord would be able to protect himself on that point. I think he would be able, without an undue amount of interference or prying into his tenant's affairs, to find out whether an industry was being carried on. Most industries leave their traces sufficiently for that; those which do not are probably those about which it matters least to regulate them.

5735. Mr. Balfour was asking you some questions as to the cause of sweating, and you could not come to an agreement as to whether it was too great a number of persons seeking employment, or incapacity. Too great a number of persons is the obvious primary cause. If you could reduce that straight away, you would affect very much the conditions of labour?—I suppose so.

5736. Would you not say there are too great a number because the employments under consideration are those to which unskilled persons, persons who cannot turn themselves to any other occupation, persons without any stability, perhaps, of purpose and work, naturally turn?—Yes, I used that argument; I think that is so.

5737. So that the ultimate cause is incapacity, or what you called, in your examination-in-chief, helplessness?—I think if you are to place them as approximate and ultimate, that is, the true order; but they inter-act so constantly that it is very difficult, practically, to draw that distinction.

5738. It is not the increasing number that makes them so helpless as the helplessness that increases the number?—Their bad remuneration helps again to make them helpless. It appears to me that you go round and round in this mill, unfortunately.

5739. If it be helplessness, it would be a very considerable and, I should say, the ultimate cause of this business; in your view it is a very considerable cause of the situation?—Yes, I put it as the leading cause.

5740. I think I understood from you that the helplessness would not be greatly affected by your proposals?—Not immediately.

5741. In fact, you have to look to causes much slower in operation to bring about a change?—Yes.

5742. Something in the way of education, which will make them less helpless?—Yes, a great many causes.

5743. Training for special occupations instead of leaving the persons untrained?—Yes.

Duke of *Devonshire.*

5744. I should just like to ask you one or two more questions about sub-contracting. Would you turn to that portion of your proof where you describe the popular conception of sub-contracting as a method of sweating. You say the popular notion was "that someone who "contracted to do a quantity of work made a "profit by sub-letting it to small master men "who, in their turn, perhaps, sub-let again, and "that, finally, the profits of contractor and sub-"contractor alike were sweated out of the work-"people." You also said that such sub-letting seldom occurs ?—Yes, it is exceptional.

5745. Is that derived from the evidence which you have studied or from your own inquiries ?—Both; but I think perhaps mostly from my own inquiries.

5746. Does it not in some class of trade occur to a very considerable extent ?—It occurs very frequently with special processes, but that is another point, I think.

5747. Does it not occur to a great extent in tailoring ?—No, not to any great extent.

5748. Not in the cheap ready-made clothes business ?—Not to any great extent. Contractors will give out a portion of the work to be done. I mean to say a certain amount of machining, for instance, will be done at home by people The man who has taken a wholesale clothiers contract, that is who has taken a contract with a wholesale clothier to produce so many coats and waistcoats, or whatever it may be, has his shop in which he does that work. It is not his object to take out more than he can do himself, but a portion of the work that he has undertaken to do, a special process, he will put out. Usually that is done in connexion with machinery; it is done, for instance, very largely in the boot trade, where there are expensive machines for doing what is called channelling, that is, for cutting the sole preparatory for sewing, and that work is all put out by sub-contract. A man having taken a contract to do certain work on the boots does part of it in his own shop and part he sends out to be done by the man who owns a machine, but in those cases usually the put-out work is the best paid work and it has no parity with the ordinary idea of sub-contracting. The ordinary idea of a sub-contract is that a man having undertaken to produce, we will say, 60 coats finds three men who will do 20 each for rather less money than he has promised to do the 60 for, and he will put the difference in his pocket. It is sub-contracting of that character which does not practically exist.

5749. Take the case of coats, would not a man who had taken a contract to manufacture a certain number of coats, give a certain part of the coat to be made by a certain number of workmen and another part by another set of workmen ?—No, he will employ in his workshop a number of men and he pays them wages probably based upon the amount of work they get through, but they are his servants, they are his *employés.*

Duke of *Devonshire*—continued.

5750. That work is not put out ?—No, it is combined work done in his shop, one man doing the pressing, another man doing this and that, different portions, and they are paid usually by wages at so much a day, but very often it is an implied bargain that a certain stint of work is to be got through. But that does not come to be sub-contract, it comes to be piece-work.

5751. The system which you describe as the popular idea of sub-contracting, which you say you do not find to exist to any great extent, would, in your opinion, be an objectionable system, would it ?—It is not objectionable if the distribution, which is what it then comes to be, is difficult and complicated. For instance, in village industries you often find that work is given out from a neighbouring town to a village; that one person in the village takes the distribution of a certain quantity of work and he makes a profit out of what he does in the way of distributing. He looks after perhaps half a dozen or more workers in the village, does something himself and gives the rest out, and he is paid in some way for distributing the work, but I do not think it disadvantageous.

5752. In your opinion the sub contractor may sometimes exercise a useful function ?—Yes.

5753. But sub-contracting in any form is unpopular with the workmen and their representatives, the trades unions, is it not ?—It has got a bad name, but I do not think it is thoroughly understood what they mean by it. They mean probably different things at different times.

5754. I think, just when I came in to-day, Mr. Austin asked you some questions whether, to your knowledge any Government work was sweated, did he not ?—Yes.

5755. And you said you had heard of some ?—Yes, I have no knowledge of my own. At the time I mentioned, in 1887, I did hear of some cases.

5756. If that existed it was by a process of sub-contracting, was it not ?—Yes. The cases I knew of were sub-contracts. They were somewhat exceptional cases of sub-contracting that I met with.

5757. Were those necessarily in your opinion of an objectionable character, might the sub-contractor not be discharging a useful function in that class of work ?—I thought he did not in those cases I remember. It might have been so, but I came to the conclusion it was unnecessary

5758. I believe in the contracts made by the Government and by the County Council and other public bodies, clauses are now inserted prohibiting sub-contracting, are they not ?—I think so.

5759. In your opinion, are such clauses necessarily advantageous ?—I am not sure; I have not fully made up my mind about that.

5760. In your opinion the popular idea of sub-contracting being necessarily identical with sweating is a mistake ?—It is an entire mistake.

5761. There may be sweating without sub-contracting ?—Yes.

Duke of *Devonshire*—continued.

5762. And there may be sub-contracting without anything which deserves to be called sweating?—Yes. The great mass of what may be called sub-contracting has nothing to do with sweating.

5763. Nothing to do with sweating?—No.

5764. Then it is going rather beyond the mark to make it an essential condition of any contract to prohibit sub-contracting which may be a useful process?—It would be absolutely necessary to define very exactly what was meant by sub-contracting.

5765. You have suggested a much more extensive system of registration of workshops?—Yes.

5766. What is the effect of registration?—To give the law a hold upon the workshops.

5767. It places them under the Factories and Workshops Act?—Yes, it identifies them.

5768. And makes them subject to inspection?—Yes.

5769. What would be the incidents attaching, to registration; in the first place the object would be to secure better sanitary conditions?—Yes.

5770. Would it involve any consequences as to hours of labour?—I should wish it to do so.

5771. But you only propose to register workshops more extensively and to place them under the existing Acts, I think?—It would affect the hours of women and young persons under the present Act.

5772. It would affect the hours of women and young persons?—Yes.

5773. If it had any operation at all it would very greatly limit the hours in many cases?—Yes.

5774. What would it reduce the hours of women and young children to?—I do not think it follows that excessive hours are worked everywhere now.

5775. No; I asked what would be the effect under the Factory and Workshops Act; to what amount would the hours worked by women and young persons be reduced?—I do not know that I can tell you quite accurately practically it is 10½ hours for women, I think.

5776. 10½ hours?—They have to work certain hours between two limits. The hours must not be earlier than 6 for instance, or later than 8, and such and such intervals there must be for meals, and the total work must not exceed so much; my wish would be that wherever the industries are carried on, in whatever size of workshops, the same regulations, if possible, should be enforced.

5777. The effect of that would be in many cases in London very greatly to reduce the hours that are now worked by women and children, would it not?—I hope so, but I do not know to what extent they are over-working now.

5778. Have you any doubt that many women engaged in such an occupation as shirt-making, work a great many more hours than 10?—Those instances I fear would be outside the scope of any Workshop Act because those women are usually working alone.

Duke of *Devonshire*—continued.

5779. But if two of them worked together in the same room you would bring them under control?—I should attempt to do it.

5780. Are you quite certain that that would be conferring any benefit upon them?—I think it would.

5781. They work perhaps 14, 15, or 16 hours a day now to get a living?—I do not think they work that length of time. I think they spend that length of time usually over their work interspersed with domestic duties. The usual explanation of very long hours is that they are not working constantly; they may be, exceptionally.

5782. If they are working very long hours it is because only working for very long hours will enable them to live, is it not?—Yes.

5783. Would you limit them?—Yes.

5784. Then how do you propose that they should live; if a woman can only earn by working 14 or 15 hours a day as much as she can live upon, how could you justify insisting upon her working only 10 hours and earning not so much as would give her a living?—There is no greater justification than there is for the present Factory Acts, that on the whole they are desirable for the welfare of the community. I believe them to be so, and I believe their extension would be equally so. But it is an interference with liberty.

5785. Have you any reason to believe that their labour would be better paid?—I think it would tend to be better paid. In any improvement of this sort there would be a tendency to crowd out the least efficient, the slowest workers. I fear there is no escape from that, the only mitigation is that it should come slowly. One woman will do as much work in the way of needlework or button holes in an hour as another will do in three, and the slowest worker would, I fear, be driven out.

5786. You said that you would not attempt to interfere with the way in which one individual or a man and his wife carried on their work at home?—No, I have no intention and I have no wish to interfere except where one person engages another as an *employé*, but I fear there would be evasions if it was not made to cover the case of two people working together in quasi partnership. Really all that I think is needed is to protect the wage earner, to protect one person who is employed by another.

Mr. *Courtney.*

5787. Would it not be possible to start from that and to see whether there were any evasions?—Perhaps it would. I am afraid there would be evasions, and I think they would be very difficult to deal with.

5788. You might try?—Yes.

Duke of *Devonshire.*

5789. I think in answer to Mr. Courtney you said if you could you would make an exception in favour of two sisters, for instance?—Yes; I do not really desire to press beyond the wage earner. If

Duke of *Devonshire*—continued.

people are working together as two sisters might, I do not see that there is any distinction in principle between that and their working separately.

5790. Suppose two girls who are not sisters; suppose four or five girls work together in a room and work at such a business as shirt-making, for instance, there you would interfere with them?—Yes.

5791. You would say you must not work more than a certain number of hours?—I think it would be necessary. This is the difficulty, the great difficulty, one of the women might be taking the whole of the work and giving it out to the others who worked with her, and she would be practically employing those women.

5792. When you speak of the misuse of workrooms, I presume you refer to any infraction of the law?—Yes.

5793. You propose to hold the landlord responsible for any misuse?—Yes.

5794. And by "misuse" you mean any infraction of the Factory Acts?—Yes, anything that is visited with a fine by the factory law.

Mr. *Bolton.*

5795. I think you said in your examination in chief that you would make the landlord responsible for any evasion of the Factory Act, or any breach of the Factory Act, even as respects the hours worked?—Yes.

Mr. *Bolton*—continued.

5796. And since, I think you have said, you would make those hours between the limited times fixed by the Factory Act?—Yes; I do not wish to make special proposals, but my wish generally would be to bring them under the same regulations as far as possible. I do not wish to say that they ought to be quite the same; I have not gone into that, but as near as possible to make the regulation of industry wherever carried on the same.

5797. One of the regulations of the Factory Act is, I think, that there should be certain intervals of labour for meals?—Yes.

5798. You would make the landlord responsible to see that the workers ceased work at those particular hours and did not commence again until the proper hours?—I should make him responsible for anything for which the occupier could be fined.

5799. And you think that it might be facile for the landlord to maintain a supervision of that kind so as to relieve himself from liability?—No I do not.

5800. You do not think it would?—Not at all easy to relieve himself from liability.

5801. But possible?—I think he must trust mainly to the character of his tenant. I think he could inspect sufficiently to know that the premises are registered, and beyond that I think he has mainly to trust to the character of his tenant, and must take the consequences of losing a certain amount of fines.

The witness withdrew.

Mr. Charles Stewart Loch called and examined.*

Duke of *Devonshire.*

5802. You come here in what capacity?—I am secretary of the Charity Organisation Society in London.†

5803. Before going through the proof of your evidence I may say the Commission are extremely obliged to you for the pains you have taken in drawing it up, but I think there is a considerable portion of it which, perhaps, scarcely comes directly within the scope of our inquiry. For instance, that which relates to the administration of the poor law and the different forms which have come under your observation of the relief of distress are hardly within the scope of our reference, especially as it is understood that a Commission is to be appointed which will examine the administration of the poor law, so that, probably, a good deal which you proposed to say to us would be more properly given as evidence before that Commission. Where, I think, you would be able to give us important

Duke of *Devonshire*—continued.

evidence is as to your experience of giving work as a form of charity, and the effect of the giving of such work upon the employment of labour generally, and upon the labour market; also, there is some evidence which I think you propose to give about experiments in that direction which have been tried in Holland and Belgium, and on the working of the labour bureaus. With those observations and qualifications I think we may take very shortly the first six or seven points which you have put down; but as an introduction to question 8 in your summary, where I propose virtually to begin, I would ask you whether, in the course of your experience, you have had to investigate the cases of those who require relief on account of want of employment. I will add one explanation. Various suggestions have been made to the Commission in the direction of municipalities finding employment for the unemployed. In the course of your experience I believe you have had to make some investigation as to who the unemployed really are?—Yes.

5804. Would you state generally the difficulties which you have found in defining the unemployed?—The word "unemployed" or the complaint that people are out of work is, I think,

* The Secretary has prepared a Summary of Mr. Charles Booth's book on "Pauperism, a Picture; and the Endowment of Old Age, an Argument." This Summary is printed as an Appendix to Mr. Loch's evidence. See Appendix LXXXVI.—G. D.

† In his Summary of Evidence the Witness gave some details respecting the working of the Society. These are printed as Appendix LXXXVII.—G. D.

Duke of *Devonshire*—continued.

often very vague, and it means many things. I have often found that when people said they were unemployed there were other entirely different reasons; that the fact was of course that they did happen to be unemployed, but that the cause of their distress was not actually want of employment. I could quote many instances of that which have occurred, but I presume the general statement would be sufficient.

5805. Could you state, in a little more detail, what you mean. Perhaps it would be useful?—For instance, I have had in the course of the last year or so, to go very carefully through a number of cases. I have notes by me of some seven in which the allegation was that the person was out of employment. I would cite them simply to show how very diverse these cases are in their nature. One is a man, 33 years of age, who has been over 15 years a warehouseman in a large firm at 30*s*. a week. The firm became a limited liability company, and old hands, including the applicant, were discharged. For two years he had been out of employment earning what he could by odd jobs. His wife helped him. He could have got work with an omnibus company which was taking on more hands, but did not think it worth while to take it. Another case is a sailor, with apparently good credentials, employed as odd man by a firm in the city most of the year at 24*s*. a week. Had been five weeks out of work. He was unsteady. The third case was that of a man who had been in the army, and who alleged that he had lost his work in consequence of a strike. It was found that he had lost it on account of irregular attendance; that though his wife worked hard he was lazy and used to lie in bed most of the day. Those I think may be taken as fair samples of what you might call allegations of out of work. There are others here should you wish me to mention them.*

Duke of *Devonshire*—continued.

5806. You quote those as fair samples of cases which are brought under your notice of distress from want of employment?—Exactly. All these persons when asked the cause of their distress said it was want of employment.

5807. Go to question 4 in your summary. You have come across a certain amount of periodic want of employment?—Yes. In some of the seven cases that I have by me notes of that is so. There is the periodic want of employment which we see frequently begins in seasonal trades, say towards the end of January. It may last two months or so, and then a matter of a small amount of money in hand, were it possible at that time, might tide the family through. Of course, in many instances one's object would be, if one helped, to aid them in such a way that they might in future have larger resources to fall back upon. Then, of course, there are a good many variations in wage. The summer wage is tolerably large, whereas the winter wage is low, and by arranging that one should eke out the other it is possible to get through the year.

5808. What class of employment would that refer to?—It was referring to the building trades, to labourers, costers, and large numbers of odds-and-ends trades

5809. So that in many cases of alleged unemployment or actual unemployment at the time you are of opinion that some greater foresight and care would have enabled the applicants to live upon wages which they had obtained in better times?—That is my opinion.

5810. Has the case of the dock labourers come under your notice?—Not personally to the same extent as what you might call the ordinary labour of the more or less central London district. Still we have had to deal with them at times of difficulty through our district committees.

5811. I think you state that you have formed the opinion that the tendency at the docks is to increase the permanent staff employed to a greater extent by means of which the casually employed would have a less chance than ever of work?—Yes, I think that is the process which is going on.

5812. The question, then, arises how employment should be provided for that casual labour which is no longer required. You refer to various forms of artificial employment?—Exactly.

5813. What do you mean by "artificial employment"?—I mean such employment as is outside the market demand, or, in the case of public authorities, what would be normally required by a good local authority, such as a vestry, to fulfil its public responsibilities. Outside that we have several forms of possible employment. One is relief given by the poor law on condition of employment outside the workhouse, usually in labour yards, or by admission to the workhouse. Next you have the employment which a vestry or public authority may make when it undertakes what it would not under ordinary circumstances do or which it would postpone. And

* The other cases referred to are given in the Witness's Summary as follows:—

"Another man is a horsekeeper in receipt of irregular wages. He had been a cab proprietor but failed. Regular work for him in connection with a large Carriers' Company was proposed, but refused because he could not read sufficiently well to undertake it. In another out-of work case the man is reported irregular, absented himself from a good place where he was earning 30*s*. to 50*s*. a week, and which he did not leave, as was stated, through slackness. Another is a case of a coal-porter. Both man and wife were lazy, and their distress was due to that cause. They were constantly begging for help from the clergy. In another case, a wood carver, the man was 53 years of age, the wife was a cripple; the family were in receipt of parish relief. In all these cases the cause of distress was stated to be want of employment.

"The ages of the applicants for charity in these cases, as in many others, is young Thus in the cases I have referred to the head of the family returned his age at 33, 38, 36, 34, 36, 34, 53.

"The assistance given had to be different in each instance. The mere supply of work would not, in most of these cases, have met the difficulty. In the first instance mentioned, the only way was to induce the man when he got back to his work, and could earn good wages, to put by enough for the probable period of out-of-work in the winter, and that was done. In other instances the mainstay of the family was the wife, sometimes the wife and children, and by aiding through them the whole position of the family was materially improved. So-called want of employment is often, it is evident, but another name for inability to make a satisfactory use of wages, or sometimes laziness, sometimes drink."—G. D.

Duke of *Devonshire*—continued.

lastly we have had in London sometimes works provided by some voluntary association to carry out which was an advantage to the community generally, but which would not, at any rate at that time, have been undertaken by a public authority. All these are possible.

5814. Will you give an example?—An example would be the laying out of fields into a public garden, such as was undertaken at Camberwell in the year 1887–8 in connexion with the Public Gardens Association. There a large number of men, 394, were employed for some time during the earlier months of 1888. Of course these proposals always raise the further question that if for any reason the labour is not wanted on the spot to a certain extent they may keep it where it is, and I think that if these methods are employed they should be only employed in the very last resort and that they should be considered as interim to a resumption of what might be called the natural conditions of the market. They are dangerous instruments to use, but still, of course, it may be desirable temporarily to employ them, and if there is a careful scrutiny of each case and the supervision is very good then the difficulty no doubt would be reduced to its minimum, at any rate the difficulty I mean of management.

5815. Would you deprecate any of those forms of what you describe as "artificial employment" as a permanent means of providing for those who may be at present unemployed?—Certainly.

5816. You would be opposed to any central fund dealing with want of employment due to a change in trade arrangements?—I think so. Good organisation and co-operation amongst those who are concerned in remedying the evil is wanted, not centralisation either of funds or of workers.

5817. What do you suggest if employment in some way has to be provided even only as an interim measure in consequence of a change in trade arrangements?—First of all I think it should be borne in mind that the employment provided is relief or charity and not employment proper, such as would be had in the open market. That granted, the first authority is the poor law. At present admission is given to the "house," or in some unions a labour yard is opened if there is pressure. Of course the difficulty is that there must be, owing as perhaps you may have seen to the character of some of the cases I have quoted, something deterrent in the conditions of relief which are provided by the poor law. That relief is provided practically for all comers who are destitute, or who allege destitution to a certain extent, and therefore the conditions themselves, so to speak, must be of such a nature as to form a method of regulation. Possibly inside the workhouse a more varied system of employment might be introduced. I think many are turning their attention to that at the present moment. At the same time it would be almost impossible to satisfy those who would try to find at one and the same moment in our poor law system with not less deterrent conditions that which would seem pleasanter to the applicant. The labour yards, generally speaking, are criticised by those who are well informed on the subject as leading men to rely on what they consider a sort of State or municipal provision of employment, and it is generally thought that they should be introduced under very careful regulation; otherwise owing to difficulties of management partly they frequently do more harm than good. The out-turn of a man's work in a labour yard is extraordinarily small compared with the out-turn of the ordinary workman at his ordinary work if it were of a kindred nature.

5818. It has frequently been suggested to this Commission that provision should be made for the employment of the unemployed by the establishment of municipal workshops. Have you formed any opinion on that point?—Yes. It is a question that has naturally occurred to one in the course of one's experience in London. I myself think it would be a most objectionable method, though proposed, no doubt, with the best objects. I think you would congregate at the municipal workshop the poorest and the most undisciplined labour; you would give a wage for work of all kinds which was being at the same time done in the ordinary market, and the result would necessarily be similar to that of the old poor law system, when work was provided outside the workhouse. I think wages would fall, and a spirit of discontent would spring up. The control of the men would be difficult; the work would be lazily done, and the cost to the community would be very great. If goods were produced on any large scale that would injuriously affect the working men outside. The tendency of all these schemes is to tempt a man who might do for himself to depend upon others. They are an appeal, I think, to the lazier and rather weaker elements in his nature. Of course, the workshop experiment has been tried in Paris, and under certain conditions, possibly, not altogether, the conditions of the world at the present day, but still with very remarkable effect. All public work, the performance of what I have called artificial employment is full of difficulty, owing to its interference with outsiders.

5819. Your objections that you stated to the municipal workshops are mainly theoretical. You have not had any direct experience, have you, bearing upon that question?—We have not had a municipal workshop going, but we can judge very well from analogy. We know that even the work done in our poor law institutions in the matter of wood-chopping has to be most carefully guarded by a most stringent order from the Local Government Board, and that it has more than once raised the apprehensions of those who are engaged in a very poor trade, but one which is essential to their well being; and there are other analogies which all point, I think, very fairly to that conclusion. Happily, I

Duke of *Devonshire*—continued.

think, we must rather depend upon them, than go through so hazardous an experiment ourselves.

5820. You have spoken of the system of the local authority putting in hand work which they would not otherwise undertake at the time?—Yes, I have.

5821. What have you seen of that?—That has been done in London; of course, more than once. Work has been advanced, so to speak, at a time of want of work or employment. I do not think, myself, that the result has been satisfactory. There are two instances of it; one in 1886 at Wandsworth, where a large sum was spent.

5822. By the Board of Guardians?—Yes, by the Board of Guardians, in digging foundations for a future casual ward and other work of the same type, and a large amount of sand was sifted, and so on. The men worked at 3¾*d.* per hour. They had a very short day's work, only about 7 to 7½ hours. Labourers would have been paid 5*d.* on an average, and in this instance they could hardly be considered deprived of their work, because it had to be done twice over. Otherwise, they would have been deprived of it. In the following winter there was a general expectation——

5823. You have certain figures as to the actual expenditure, have you?—I have. This is taken from Mr. Acworth's evidence before the House of Lords Committee on the Poor Law.* The expenditure was 1,402*l.*, and there was an actual loss of 29*l.*, and the men employed were 250.

5824. How was the actual loss of 29*l.* calculated?—That is a statement I have drawn from the account in the evidence. I have not got the detail of that before me. It was an admitted loss.

5825. When you say the work had all to be done over again, there was an actual loss upon the whole sum expended, was there not?—Yes, certainly in that sense.

5826. This is all from Mr. Acworth's evidence?—It is. He was a member of our society, and took particular interest in this experiment.

5827. You were going to state something about the following winter?—Yes; in the following winter there was a decided desire to have a similar work in the district, but the board of guardians did not attempt to carry out the experiment again except by contract, and subsequently they opened a labour ward; and the result no doubt was that there was a certain number of people tempted into pauperism, and some who had already been known to the relieving officers were amongst those who applied. It is unsatisfactory from any side, and if work is to be done on those terms, I think that the ordinary contract is best, or else what Sir R. Rawlinson found to answer in the cotton famine, that is what is called measured work, which really worked a marvellous change in the administration of the public works. Then, there is the system of payment by scale, which is rather a more complicated system, but which also answered. The truth is, the key to the position is a very careful organisation of two or three of the main systems that have been found by experiment to answer tolerably well.

5828. Would you explain what you mean by the system of measured work?—The measured work was simply measured in yards; measured work was so much measured to be done, and so much paid according to the amount actually done. There was a great deal of that work connected with the laying down of new drainage system in towns and so on.

5829. I rather gather from your evidence that you have formed the opinion that any attempt to give temporary assistance to the unemployed is better conducted on a purely charitable basis, with recognition that it is practically charity rather than on any principle which would assume to be based on economical principles?—Yes, I think so. I think it is healthier for all parties that it should be so. I think that each case ought to be carefully considered, and that each case has a different bearing, and that when that is done that kind of relief, possibly employment, possibly something else, may be supplied; and I think also that there is less interference with the ordinary market on that plan and less pauperism. There is less expectation that something shall be done in the future as a mere matter of course or of right.

5830. You admit that from time to time it might be necessary to give employment of some kind as a form of charity, but you deprecate any attempt on the part of any public body to provide permanent work for those who cannot find it for themselves?—Yes, I think that if we do not take care, the result will be to weaken the power of organisation among our own people. At present, the labour associations are extremely powerful for good in connexion with meeting, for instance, exceptional distress. Their funds have over and over again served splendidly for that purpose, and I notice that where, for instance, in connexion with charitable work there is most indiscriminate interference, there it appears that the people have no back-bone sufficient to enable them to organise themselves better. On both of those grounds I deprecate any unnecessary interference to give relief by way of employment.

5831. You are probably aware that in reference to some of those industries in which employment is most precarious; for instance, the dockers' work, the representatives of the dockers have almost unanimously advocated before this Commission, municipal employment?—Certainly; I think it is the most natural thing for them to suggest under the circumstances in which they are placed, but notwithstanding that, I do not think it would be feasible.

5832. You think that it would not tend to improve the position even of those men in those precarious employments?—I think not.

* An abstract of the evidence by Mr. Acworth before the Select Committee on Poor Law Relief in the House of Lords is given in the summary of evidence handed in by the Witness, and will be found printed in the Appendix. See Appendix LXXXVIII.—G. D.

Duke of *Devonshire*—continued.

5833. You are also aware that some of the representatives of the trades unions of more skilled trades have advocated the same proposals?—Yes; but, I think, the question that is raised, is rather one of special experience, and not the experience that men would have, even the best man, in connexion with their trades; and no doubt they see before them very clearly the difficulty of dealing with men who are to a certain extent, by the better organisation of labour excluded from their former work; and they naturally would wish these men to be no worse off, if it were possible, and would be inclined to fall back upon the community to make good the difference. I think the evidence is clear that if the community did it, it would increase the number of the casually employed and reduce the means available for employment, and would only make matters worse. The difficulty, I think, must be met partly by gradual absorption in other directions of those who are out of work. No doubt that works comparatively slowly. It is the kind of evil out of which we have to work our way as we get to better grades of social well being. I think there is no royal road out of it, and this would, I think, be the reverse, a very fatal road.

5834. Has the effect upon ordinary labour of such artificial employment as you have described come in any way under your observation. Is it within your knowledge that it has had a tendency to reduce the wages of men relying upon the ordinary sources of employment?—No, not in London heretofore, because it has been utilised only on exceptional occasions, never in such permanent fashion as to affect the market. For instance, when works have been opened they have absorbed for the time being a certain number of those who would be out of work under ordinary circumstances in connexion with seasonal trades. For instance, at Camberwell there were amongst the occupations of those who were employed 238 people who were general labourers, painters' labourers, bricklayers' labourers, and 27 were gardeners, and 28 house painters, which shows that when the work was provided, it was provided in such a way as to absorb during the ordinary out-of-work period a great many of those men who would under ordinary circumstances have been out of work; and therefore its effect upon trade, lasting as it did just for two or three months, would naturally be very small, particularly if the better skilled labourers do not come for it, and only the general labourers and painters and so on apply for it.

5835. I think the next headings refer entirely to the administration of the poor law?—Yes; able-bodied pauperism.

5836. I think we must omit those.* On page 17 of your summary you have some observations upon labour bureaus?—Yes. It has been suggested from time to time that these labour bureaus are useful, and we in our way, of course a small way, have tried to utilise the system; but our own experience certainly has not been satisfactory. To sum up, this is the kind of way in which we put our case. There was a strong body of opinion amongst witnesses, examined in connexion with an inquiry made by a special Committee of our Society in regard to Homeless Cases who were experienced in regard to finding out employment, and they said it had a tendency to demoralise the men and destroy their self-reliance, and relax their efforts in seeking work for themselves, and that whenever the endeavour was made to find employment great care must be taken to guard against this tendency. Experience, as one of them said, has taught me that unless a man makes exertions to get work he rarely sticks to it, and the job over, he returns to you. We have tried finding work ourselves. One refuge in London leaves the people to shift for themselves and get employment, and apparently they do better than another refuge which takes a great deal of trouble to find them work; and, generally speaking, you may say the labour bureau or register will only find a certain amount of casual employment for the casually employed. Those that are second-rate hands will come to you, and for them you may get a little work, but it is very unsatisfactory. And, I think, that on the whole we have come to the conclusion that it is better to let the men look out for themselves. Besides our experiments there has been the Egham experiment, in regard to which you have had evidence. The method has succeeded in Egham partially, but as I know from the evidence it affects rather a large number of seasonal trades. After the starting of the Egham registry, I think experiments were made in several other quarters but without success. Then more latterly at Chelsea they have opened a labour bureau which is, I think, becoming the pattern of the labour bureaus elsewhere. I think that the criticisms of the chairman of the finance committee, who moved for a continuance of that bureau for another year, are very much to the point. He said that in his opinion it had failed to perform the services expected of it, that it was too costly in proportion to the number of people for whom it found employment. He pointed out that the largest class of engagements were those of charwomen and domestic servants who could obtain free registration at the ordinary servants' registers, and he contended that the bureau offered no proof that the larger proportion of persons whom it sent to places really engaged themselves, or that those engagements were permanent, while the number of legitimate male workers for whom employment of any kind had been found was only 2·5 per diem. He criticised the various figures with the object of showing that every person sent after a place had cost the vestry over 2*s*. That, I think, confirms what I have said with regard to our own attempts, and I do not see any way out of that difficulty. If, of course, the labour unions and the employers together were to come to some combination by which labour registries or bureaus might be worked there would be a new element brought

* The Witness's notes headed "Effect of better administration of the Poor Law on able-bodied Pauperism," are printed in the Appendix. See Appendix LXXXIX.—G. D.

Duke of *Devonshire*—continued.

into the case, and it might be worth considering whether that would answer the purpose. But the system is generally adopted when there is a dearth of employment, and it is just in those times when it cannot very well answer because the employment is not there and it cannot be organised through the medium of the bureau. I therefore do not myself think that very much will result from this method.

5837. I think, I may say, you have handed in certain charts showing the relief of distress in the metropolis in good and bad years since 1875?—Yes.

5838. Those, I believe, deal entirely with the question of pauperism, or relief of distress?—Yes.

5839. And not with labour questions?—It raises simply the exceptional distress question, which you have already asked me about. I think it only deals with that in some detail (*see Appendix* XC.).

5840. I believe you have given some attention to the experiments that have been tried in Holland and Belgium in dealing with the unemployed?—Yes; we were very much interested in the plan of the Dutch Labour Colonies, and a member of our society visited them, and made a very careful report about them; and also colonies in Belgium were visited by him, and, of course, we have had to consider that question as one of the various methods suggested of dealing with want of employment.

5841. Are you prepared to give us a short statement of the effect of those experiments?—Yes; I would try and do so just in one or two words, keeping in view, as far as I can, the employment side of the question. The Dutch Colony is, no doubt, quite the most remarkable experiment that has been made in this direction. Its object was to prevent distress, by providing training in agricultural employment for able-bodied deserving and destitute persons. It was thought that on this method persons would be by degrees transformed from mere labourers to what are called free farmers, and very indifferent land was taken and very carefully plotted out, in order that the men who were sent from all parts of Holland, in accordance with terms made with each locality, should be set to work, and should, indeed, make their homes in this new settlement. For a time, it seems, that things went well, and there were also added certain beggar colonies on the same plan. At a time quite early in their history there were as many as between 7,000 and 8,000 persons in those various colonies.

5842. Have you this statement before you?—Yes, I have.

5843. That is your own statement?—Yes, it is.*

5844. I think it would be very interesting to the Commission, and, I think, you might go into it at length?—Shall I read it now at length?

5845. If you please?—I shall begin *de novo.* I will take the plan of the colonies.

* In his Summary the Witness cites as his authority a report made to the Charity Organisation Society by H. G. Willink, Esq. —G. D.

Duke of *Devonshire*—continued.

5846. The founder was General Van den Bosch?—General Van den Bosch was the chief founder, and he thought that able-bodied indigent persons of good character could be made self-sustaining, by employing them to reclaim waste land, provided funds could be obtained to purchase the waste land and to maintain the families upon it until it became productive; that under the training and discipline of a well-regulated establishment, the moral character and the habits of that class of persons might be greatly improved, and that they would give employment to industry in supplying their wants, instead of being, as they then were, a burden upon the community. The system was established in 1818, and the greatest enthusiasm prevailed about it; it created quite a national interest. A society was organised with a central committee and allied districts, and each was entitled to send to the colonies as many colonists as it had subscribed the sum of 140*l.* for. The 140*l.* was an endowment for the settlement of each colonist family. It was reckoned in accordance with the actual expenses to be incurred. The ground taken for the first colony is a fair sample. This colony, Fredeliksoord consisted of more than 1,200 acres, a small part of which had been cultivated; but, in general, it was covered with short heather growing on flat, dry, sandy soil, covered with a layer of moss a few inches thick. In some parts there was a good supply of peat. Neither wheat nor barley grew well, especially the former, nor have turnips or swedes proved a success. For trees there were oak, beech, and pine, and oak and birch copse; in fact, it is what one sees in many places in Holland. The plan of the free colonies was this: They started in August 1818 with 52 houses completed, each with about $7\frac{7}{10}$ acres of land, a family in each house, 356 souls in all; a school-house, warehouse, and spinning-house were built, and a little river that came by was made navigable. Each house had a garden, and with each farm stock was provided. On this plan other colonies were founded. In all there were seven.* A director and assistant directors managed the whole. Each colony was divided into districts of 25 farms, each district with two sections with a supervisor who should instruct the colonists in agriculture. Into these were admitted the families of "labourers" or "free farmers." The "free farmer" was a labourer considered to be entitled to a farm. Boarders and orphans were also received on payment. For three years the labourers cultivated the land in common, having the produce of their gardens but not of the farms which was stored in the colony granary. When a farm was brought under cultivation the head of the family was debited 5*l.* as interest on the remainder of his capital (cost of furniture, &c. deducted), and he had to pay rent. As long as a family could not provide its own subsistence it received food daily from the society, but when it could provide for

* In his Summary the Witness gives these Colonies as follows:—1. Fredeliksoord; 2. Also called Fredeliksoord (50 dwellings); 3 and 4. Willemsoord; 5 and 6. Wilhelminasoord; 7 A forest colony.—G.D.

Duke of *Devonshire*—continued.

itself (as it could when it earned 6*s.* 8*d.* a week) it was allowed to prepare the food at home. Then afterwards it was found that instead of the strong able-bodied people whom Van den Bosch wanted, the "districts" sent those "they were most anxious to get rid of." These were found awkward men with town habits unsuitable for agricultural work. A school for agriculture was started but abandoned. Then mat-making, rope-making, spinning, and weaving were begun. The history of the beggar colonies was very similar.* The Government intervened more completely there and presented the society with one of their colonial farms, and in 1827 there were as many as 2,233 in the free colonies and over 4,500 in the beggar colonies. In 1831 there were 7,853. These colonies are interesting because they have been reported upon by celebrated Englishmen from time to time. Mr. Nassau Senior wrote about them in the earlier stage, and Sir J. H. M'Neill, who was a president of the Board of Supervision in Scotland, visited them. Mr. Nassau Senior's opinion of them was very unfavourable, and he says the land was of little value; and "the "employing of persons taken indiscriminately "from other occupations and trades, almost all "of them the victims of idleness or misconduct, "and little urged by the stimulus of individual "interest in farming the worst land of the "country (land so worthless that the fee simple "is worth only 24*s.* an acre) at an expense of "outfit, exclusive of the value of the land, of "more than 130*l.* per family, and under the "management of a joint stock company of "more than 20,000 members, cannot but be a "ruinous speculation. Nor does the institution "appear to have repressed pauperism by the "disagreeableness of the terms on which it offers "relief; we have seen on the contrary that it "has not prevented its steady increase." Sir John M'Neill reported on it extremely carefully.

Mr. *Courtney.*

5847. What was the date?—1853. He found that the number of free farmers were 16 as against 25 in 1848, and that non-colonist neighbour farmers paid a higher rent without the advantages bestowed by the society, and yet supported themselves in comfort. This was accounted for, in the words of one of the officials, by the inaptitude of a large proportion of the colonists for agricultural occupation, and a general want of economical habits. "Considered "as an attempt to make these families maintain "themselves," the free colonists were, "after an "extensive period of 34 years, not only a com-"plete failure, but there was no reason to believe "that the scheme could possibly have succeeded," and this "even if the colonists were selected "from classes well suited for the occupation. . . . "The condition of the colonist is little affected "by the greater or less amount of work he per-"forms, and however small it may be, he is

Mr. *Courtney*—continued.

"assured of a comfortable habitation, clothing, "and fuel with food enough to keep him "and his family in health. There is, in con-"sequence, a great desire among the able-bodied "indigent persons in the *communes* to come to "the colony. There are always more applica-"tions than can be accepted; and the children "though carefully educated and accustomed to "see their parents and everyone about them "rely upon this for their means of subsistence, "had not learned to trust to their own exer-"tions for a livelihood, and therefore few of "them were able to maintain themselves." As to the beggar colonies the case was even worse. The social results were not more satisfactory than the financial. It took 15 colonists to do the field work of one good day labourer. Supervision was impossible; a low standard of work was accepted, and there was a constant return to the colonies. Those who passed their time there, after a year or two always came back. He said that a Dutchman was made a colonist and kept a pauper at the rate of 6*l.* 10*s.* a year, and a Scotchman, if the difference of living in the two countries were taken into account, would be made a colonist and kept a pauper at the rate of 8*l.* 10*s.* a year. As to financial failure, in spite of the Government purchasing produce of industrial workshops at special rates, by 1859 the debt owed by the society to the State and others amounted to 461,000*l.* The Government remitted the debt and took the whole concern over. Then on the reconstruction in 1859 the free farmers increased in number while labourers decreased. In 1859 the free farmers numbered only 176; in 1870 there were 1,313, while the labourers in the same period were reduced from 2,471 to 530. Six model farms were established; there was a change in manufactures, and a forestry department was opened. Colonists were allowed to keep all they earned, and no balance, as before, was carried to the credit of the society; coinage took the place of the token currency, and what I must say seems to be the most effectual regulation, piece-work took the place of time work. There was more judicious management and something of an improvement in the spirit of the colonists, and great care was taken in selecting colonists; and the financial results were these: the colonists felt they were pensioned, they did not save, and they had the following advantages: low rent and no interest charged on arrears; outfit, cows, manure, &c., on easy terms; work to be had in the society's workshops in bad times; cheap doctoring and education; instruction and superintendence gratis; and other general indulgences granted by a friendly landlord. Yet they did not succeed in maintaining themselves, and could not pay their rents in full, and did not lay by. Socially considered,—large as the Colonies were, they took in less than half a dozen new families every year, and there was increasing difficulty in filling places, as the selection was careful. There were thus about 40 vacant farms and farmer's houses. This is about three or four years ago. Townsmen were unsuitable and did not like the new conditions, yet it was in the towns that the

* Some further details set forth in the Witness's Summary will be found printed in the Appendix. See Appendix XCI. —G. D.

Mr. *Courtney*—continued.

cases which it was desired to set on their feet were found. Nineteen out of twenty cases came from the towns. Many families would, it was thought, be able to work now outside, but the society never turns out anyone. Subject to the foregoing criticisms the colonists are described as, if not self supporting, industrious and contented. With regard to the beggar colonies, they too were reformed :* financially it cannot be said that they are a success, though no doubt they are better managed. It is noticeable that there are fewer beggars in the streets. This system would lead to that more or less, but it does not prevent or cure begging; the paupers have no dread of the place, they rather like it; it is too comfortable and their dinner is always ready. Smoking is allowed out of doors and there is social intercourse. The food and clothing is satisfactory. Consequently there is a constant return to the colonies; 425 out of 3,353 were there for the first time, all the rest more than once, very many for the fifth, sixth, seventh time and much oftener. The people are not pushed into self-support by this artificial interference. Paupers, or beggars, or persons unemployed or *recidivistes*, they rely upon others. Their constant return to the colonies shows that they really fail from that point of view. The colonies do not indeed reform the colonists. That in the rough is all I have to say about it. I may add that the Belgian colony which is for persons committed for begging and so on in the same way does not lead to reformation. There too of the persons who are able-bodied there were 2,507 who have been more than once in the colony out of some 2,928.†

5848. Do you know anything of the colony at Elberfeld?—No, I have not had any particulars about that.‡

Duke of *Devonshire*.

5849. Have other experiments of the same character been tried in other places?—We have had one, the Irish labour colony, for prisoners. Sir Walter Crofton was, I think, instrumental

Duke of *Devonshire*—continued.

in starting that. That was for a short time under good supervision, but I believe that latterly it has failed from one reason or another. The men were carefully selected for it, and it had the best chance, and did well for a time, but I believe latterly the cost was 90*l.* 13*s.* per head, less 27*l.*, which was considered to be the average value of the produce of the man's work, so that it can hardly be said to have been a success; and many who are experienced say that the Prisoners' Aid Societies are better methods of dealing with these cases than the method of providing work.

5850. Is an experiment of the same kind being carried on by the Salvation Army now?—It is not a dissimilar experiment, but they keep the men only for three months, and, of course, that experiment has only been recently set on foot.

5851. I am not sure whether you wish to make any statement about the employment of labour in London under the Salvation Army operations?—I have not had to deal with that question specially from the point of view of employment. I was more interested from the point of view of the effect upon pauperism. So that I suppose what I might say would have only a very indirect bearing upon what is actually before the Commission.

5852. Have not they undertaken such work as wood-chopping?—Yes, they have undertaken work of that sort, and especially in what they call the "elevators." The question of wood-chopping I referred to in reference to the sale of goods being injurious to labour. The Salvation Army people I believe send out travellers, and make contracts just like other commercial people. They do not limit the output to their own body, so to speak, utilising the results of the industry of their own men. For instance, the London School Board has accepted the tender of the Salvation Army for the supply of firewood for use in the board schools of London during the following 12 months. The tender was 2*s.* 8*d.* per hundred bundles; and to show how the charities compete amongst each other, there was the Church Army tender being 3*s.*, Dr. Barnardo's Home tender of 2*s.* 10*d.* and 2*s.* 11*d.*, and the Boys' Home of Regent's Park tendered at 3*s.* The Salvation Army tender was accepted, and, of course, that is a case in which no kind of wage is paid at all, not I mean in the true sense of that term. All that is paid is a certain small sum so to speak from day to day, which is given in lieu of the payment that would be made by persons who, if they had money, would pay for admission to the shelters, and, of course, so far it is distinctly a form of injury to the market, as it seems to me. It would be much better not to interfere in these cases, because the work done by these charitable agencies would be done under ordinary circumstances by people who are just above the need of charity and who are very much dependent upon these smaller occupations to keep themselves. So that all the interference really ends in helping one person to the detriment of another, and that other is often a person who

* Further details were added in the Witness's Summary as follows:—

"Reconstruction continued:—The Beggar Colonies.

"1. (1886) Out of 3,420: 3,250 sent for begging to the Colonies: some for drunkenness (70); a few have gone of their own accord.

"2. The labour is not more valuable than it was in Sir J. M'Neill's time: 15 colonists to do the work of one good day labourer.

"3. The Colonies not self supporting and have never been so. In 1886 the Government Grant (Department of Justice) was:—

	386,000	guilders to meet;
	279,364	guilders made up by the Colony with sums the exact amounts of which are unknown; receipts from communes; sale of goods; receipts from War Office, &c.
Total	665,364	[English equivalent 58,219*l.* 7*s.*, reckoning the guilder at 1*s.* 9*d.*]"

† Further details respecting the Belgian Colonies, taken from the Witness's Summary, are printed as Appendix XCII.

‡ In his Summary, however, the Witness gives details concerning "The Arbeiter Colonies" (see Appendix XCIII.); he further gives details concerning "Poor Law Relief: its action on Employment and Wages" (see Appendix XCIV.), and summarises the causes of failures of these schemes already tried (see Appendix XCV.).

—G. D.

Duke of *Devonshire*—continued.

may be in difficulties and who really ought not to be either tempted to give up his independence or deprived of a single support removed from him which he would naturally have. Of course, this charity work is being done on a very large scale if you take into account the large numbers who are reported to be doing various kinds of work of this type.

Professor *Marshall.*

5853. You have given us these circumstances and the character of the people who have drifted into the ranks of the unemployed. Could you form any estimate of how large a proportion of the so-called unemployed would be willing to do a fair day's work for a fair day's wage if they got the opportunity?—I could give that. It is based on an experiment. I referred to it before in connexion with Camberwell. We had 456 men, and of those 62, or about 14 per cent. to whom tickets were given did not present themselves at the works, and assigned no reason for it. 134, or about 30 per cent., were dismissed for misconduct or incapacity, or were struck off the books for continued absence. That, in the rough, may be taken as a test. Those two per-centages come to 44 per cent. altogether.*

5854. You are aware that with reference to such statistics, it has been urged that many of the men were really half-faint from want of food, and that others had not the training suitable for the particular work allotted to them. How far do you think those explanations go?—I do not think that the explanation as to want of food is very strong, because those men were most carefully considered; the instruction was distinctly to consider them, and there is no doubt that being considered, those that stayed on and worked, worked better as they went along; so that I do not lay much stress on that. There must always be some consideration paid to the new difficulties which one has to meet taking this work up. As to your point as to the unsuitability of the work, of course the men may make it a self-imposed test and say it is unsuitable and go away; but of that we can take no account, it seems to me. It has been found on several occasions that those who stay soon get to do the work at any rate fairly well.

5855. Taking all these things together, can you form any estimate of what per-centage of people who represent themselves as unemployed would be willing to stick to their work if they got moderate wages for a moderate day's work?—To give an answer that would apply to a large population like the unemployed would be impossible, but I think this is a very fair test of what you might call that kind of nucleus of persons who, when there is work offered, would resort to it as so-called unemployed. I do not think I could put it more clearly than that. My own view would be that if one could really know the whole of the circumstances of the several cases it would be most desirable (and in this instance we did try to do it); but the figures would not be very different, though, I think, you would find all kinds of subordinate causes, or apparently subordinate causes, which you would take into account which would greatly affect your conclusion as to the cause of distress being want of employment.

5856. Can you form any estimate of the number of people out of employment in London now?—No, I cannot. I do not know how it is to be done, I mean so as to make it accurate or complete. I have often thought of it, but I do not know how it is to be done at present.

5857. Are you acquainted at all with the investigations made as to the unemployed referred to in the report of the Massachusetts Bureau of Labour, 1887?—I have seen the report that you have before you.

5858. Did they not succeed in finding out how many people of every age had been unemployed in each occupation, for one week, two weeks, three weeks, and so on throughout the year?—So it would appear from the return, but I was taking it for granted that you were raising the further question as to how far non-employment was self-imposed.

5859. Yes?—And how far it was seasonal; that is another point. All these things do not, I think, appear in the report which you have before you.

5860. Would not it be a very great gain if we could find on the plan of this report, how many people there have been in London during the year 1891 or 1892 who have been out of work for a week, or two weeks, or three weeks, or a month, or two months, and so on, and what were their several ages and what were their presumed employments?—I am so afraid of a return like that being misleading. If you really know the individual cases well enough to make sure that your units in the statistics are equal, I am with you. But my experience leads me to the conclusion that, without a very narrow investigation of the particular case, the return would be misleading. If such a thing was to be done I would suggest that the inquiry be distinctly limited to either a particular trade in trouble at the time, or to some very small area known to be in difficulties, and with the help of the working men, well acquainted with the facts of the labour market, and with the conditions of the men, I think something might be done. But I think it would be a very long inquiry if it were to be done as I think it ought to be done, but it would be rather better, if I may say so, than the investigations which you have been referring to.

5861. If we got those statistics for the whole of London and then we made an investigation into individual cases, over certain groups, and if these investigations were confined to typical groups it would not be far wrong, would it?—I think that you might get at the truth in that way.

5862. I think you laid stress on the fact that when employment is found by the State, it is generally at a time when employment is scarce,

* Full details on this point were given in the Summary of Evidence handed in by the Witness and are printed in the Appendix. See Appendix XCVI.—G. D.

Professor *Marshall*—continued.

and that the employment which it professes to find is often taken away from other people?—True.

5863. And in paticular in regard to what you call labour bureaus or what I would rather call labour registry offices, their work is chiefly at such times, or has been chiefly at such times?—Yes, I think so.

5864. But do you not think that there is a seasonal irregularity of employment that is not of an unhealthy kind, and that if, instead of one or two labour registries or offices in the district we had a great number acting in consultation, what I may call a permanent want of employment seasonally would be very much diminished? It is difficult to say that it would not be affected by what you suggest, but my method of attacking the difficulty would be somewhat different. It seems to me that labour naturally groups itself into the different types of work that are undertaken, and an organisation of labour, for instance, for gardeners and others, who are distinctly seasonal labourers, and who form a large number in certain parts of London, or for any other seasonal trades, could make better arrangements than a labour bureau in connexion with, say, either unions or other types of work group by group. I mean that the solution of the question should rather be in the hands of those who are engaged in this or that seasonal trade, than in the hands of a general labour bureau, which would always have to deal rather, I think, with the extra demand for labour than with anything that would be organised labour for a difficult part of the year.

5865. I am rather surprised at your answer, and I would like to know what your reasons are?—I think that the casual labour that may be got during the winter is extremely difficult to organise; it is very slight indeed. As you see from the Chelsea labour bureau a great part of their work was dealing with domestic servants' cases, and I do not think the labour bureau would have command, so to speak, of enough employment to satisfy the demands of seasonal trades.

5866. You are aware that the representatives of the Chelsea bureau were of opinion that if there were similar bureaus in other parts of London their efficiency would be increased very very much, and that you could hardly, therefore, judge from the experiments of one or two isolated bureaus?—I do not quite see how that affects my argument about it; yes, that might make a difference; but the labour bureau cannot, of course, bring work into existence. It can only put a person who wants work in connexion with some one who wants work done, and I think that under normal circumstances that is very fairly carried through by the existing organisations and by the knowledge where work is to be had. For specific purposes I think bureaus and labour registries might be adopted in connexion with a particular trade, but I fear there will not be that supply of casual or winter work available which it is supposed would be found through the bureau, and if there were many bureaus I do not think that difficulty would be met.

Professor *Marshall*—continued.

5867. Of course, there are trades in which the slack times are periodical, are there not, and some of them are open to all comers?—However that, I suppose, would be known to the persons who were concerned in trying to get work in connexion with them.

5868. Would it not be very useful for them to have the information given as to what trades were in need of employment. Do they not practically depend upon individual gossip?—I do not know quite what trades you refer to which are open to all comers, or available for all comers, in the winter, say, from the end of January for two months. So far as their trades are generally at work, then they would be at work with their normal hands. I do not see where the vacancies would come in, which would have to be filled up.

5869. I believe the shoe and other trades are fairly busy in January; they do not all vary with the season in the same way?—Yes; but would they be able to take on more hands.

5870. I should have thought there was a good deal of work open to unskilled hands. Anyhow, would it not be useful to have bureaus or registry offices trying an experiment of that kind?—As an experiment, personally, I think it may be well to do it; but I do not quite see how it will carry out the purposes of the proposers.

5871. Certainly it will not carry out all the purposes?—No.

5872. With regard to the labour colonies, the Salvation Army has a rule that nobody should stay more than three months?—I believe so.

5873. Do not you think that is a very good rule?—I really do not see that there is much advantage in a fixed rule like that. As I understand, the object of any sort of farm or colony is to bring the individual who is admitted up to a certain condition of efficiency, and the rule, therefore, that the individual case would suggest which I should think would be right, would be so to deal with your man that you do, if it is possible, bring him up to efficiency. If three months is what has been found by experience to be the average number, then probably three months would be a right rule; but I should think that that in a large number of instances was too short

5874. I do not mean to insist upon three months in particular; but do you not think it is a good rule to make it understood that these colonies are educational colonies, to help a man to start in life, and that he cannot stay there longer than is needed for that purpose?—If you have colonies, I think, it is good, certainly, that they should not be used as a sort of permanent home.

5875. Is not that the great mistake that the foreign colonies have made, that they have drifted into relaxing the rule about not staying longer?—I think it is certainly so in Holland.

5876. And in Germany so, also, is it not?—Do you refer to the Arbeiter Colonien?

5877. Yes?—The Germans, I think, would rather be in favour of a longer and definite

Professor *Marshall*—continued.

stay. Those colonies are very much used in the winter by people who want shelter during the winter, and who in the summer fend for themselves just as ordinary vagrants do; a very large number of people leave them and go on tramp again; and a considerable number are discharged prisoners.

5878. Do you not think they may have another function; in case we should ever enforce sanitary regulations rigorously will there not then be many people turned out of house and home, and shall we not have either to put them up in the workhouse or in labour colonies, and would not labour colonies be better for them?—I personally do not look forward to such a speedy and sudden enforcement of sanitary law, so that it should have such an effect as that. I should not think of creating any kind of a colony with a view to meeting the difficulty of the enforcement of the law. I do not think that you would find that that really would have very much effect. The people who would go to the colony would, I think, be the persons who were more or less inclined to take to a homeless or common lodging-house life.

5879. But is not the great difficulty in getting the existing sanitary laws, which are severe, enforced as things are. People say if those laws were enforced, so and so, and so and so, would be turned out of his house, and we cannot do that. Is it not advisable, in the interests of the stringent administration of the sanitary laws to have some refuges of this sort?—That is a somewhat hypothetical question. I do not, myself, believe that the effect of the enforcement of the sanitary laws would lead to such an *impasse* as you suggest. I think that it would go slowly; it is going on at the present time, and I think that we shall meet the difficulty as it arises, and not be driven into a corner.

5880. But do you think that the state of things in which five families live in a single room ought to be allowed?—By no means.

5881. Is not the reason why they are not prevented from sleeping in a single room, that we have no answer when they say "we have no refuge"?—It may be an excuse; I do not think it is a reason: I think that if the law was applied as a matter of course, there would be a new demand and that new demand would be met.

5882. But are not people who wish the law to be enforced so as to prevent five families sleeping in a room, practically prevented from having their way by the popular feeling that it would be so hard on those people to turn them out of doors with no refuge?—I should have said not, but of course, no doubt if they rely upon popular feeling I am afraid then they will not do it.

5883. Do you not think it would be much easier to get popular feeling on the side of the stopping of abuses of this sort if we had refuges to which these people could go, or colonies and such like. I do not think many of them would go if the colonies were worked on a sufficiently business like plan; but would not the fact that there were these colonies for them to go to prevent them giving excuses such as they do give?—I do not think the people would go, and all that it would mean would be that there would be some sort of semblance of a refuge for these people. I think that it would almost be a make-believe in practice: I think that as a matter of fact it would be hardly considered by them as an alternative to a home such as they had, but, of course, there is no knowing what might be the result of being able to say that there is such a place to go to, if they will go to it. My own impression is that it would not strengthen the position of the real reformer. He would still find himself confronted with the families who do not choose to leave.

5884. Do you not think that many working men would be much more willing to see this sort of unwholesome life stopped, provided the people who were forbidden to herd five families in a room were offered something other than the workhouse to go to?—I do not think it is an alternative of the workhouse, certainly the bulk of them would not go there.

5885. Do you not think that there are many workmen who think it would be hard to say to those families who are five in a room, "you "must go out, and if you have no other place "to go to, it is the workhouse you must go to;" but who would say if those people were offered a place in a working colony, and they did not choose to take it, that then they put the responsibility upon themselves?—No, I do not think so. I think if the change that you propose, which is a perfectly right one, were worked through with some consideration so that those who were affected by it were argued with and shown as far as possible where they could go, which is not at all an impossible thing to show them, that would be accepted as a sufficient alternative. It is because the matter is put too much as an absolute difficulty that the difficulty is felt. I have myself tried to get persons living in the centre of London and not living under conditions which are satisfactory, considering that they pay a large rent, to go to the suburbs where they would get for the same money very much better conditions and where it would not really have affected the work of the head of the family. But the difficulty was to get them to move. They preferred staying where they were.

5886. Do not you think that the argument as to finding adequate room has been put long enough before them and the time has come for a little force?—No, I do not.

Mr. *Plimsoll.*

5887. You spoke of the results of the labour of people who are in the labour yard as being extraordinarily small in comparison with the labour of regularly employed and willing men?—Yes.

5888. Did I understand you correctly when you said that it took 15 of those men to do the work of one ordinary freeman?—That was what

Mr. *Plimsoll*—continued.

Sir John M'Neill found in Holland in connexion with the colonies, as then administered.

5889. Have you formed any opinion on the same lines with regard to the men sent to the labour yard and workhouses?—My remarks upon this point was from a table drawn out by Mr. Knowles, one of H.M. Inspectors (I think it was in 1886 or thereabouts): he was speaking of the breaking up of winstone or slag, and he said with regard to certain north country towns the average quantity of stone actually broken per man per day at Hartlepool was 4¼ cwts. as against, for instance, 10 cwts. or 15 cwts., I think it is, which would be done by an ordinary man, that bearing out the general contention that relatively you do get a very short day's work.

5890. When you say 10 or 15 is that two cases?—No, one case; 10 cwt.

5891. With regard to the large number of people that are continually writing letters and calling on people about their cases and so forth, what would be the average of *bonâ fide* applications do you suppose?—It is very difficult to say. You have first of all the clear *mala fides*, but you have also many cases in which there is some semblance of a story behind, which is utilised for the purpose of attracting attention. I could not say what the proportion would be, but of those that are what you may call general beggars, who go all about London, or into the country I think that the proportion is very large in which there is an improper foundation for the story.

5892. Is it not your opinion that housekeepers and others who are pestered with applications of that kind would do very much better to refer them either to your society or to some similar organisation instead of relieving them themselves?—What is wanted is a careful consideration of the whole circumstances of the case whoever introduces it, and of course a private individual has a great difficulty in dealing with cases that come from all quarters; therefore you must have some sort of organisation as a rule to deal with them; but the gist of the whole matter is that the whole circumstances of the case should be inquired into and, if possible, some way of help found.*

* The summary of evidence handed in by the Witness also contained notes respecting "Vagrants"; "Out-door relief and indiscriminate charity"; "Emigration"; "Old Age Pauperism"; and "Children"; (see Appendix XCVII.): and a series of notes headed "Homeless" (see Appendix XCVIII.). These will be found printed in full in the Appendix.—G. D.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

TWELFTH DAY.

Commission Room, Westminster Hall, Thursday 1st December 1892.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
The Right Hon. LEONARD H. COURTNEY, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.
Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries

Mr. THOMAS WILLIAM BUSHILL called and examined.*

Duke of *Devonshire.*

5893. What is the name of your firm?—The title of my firm is Thomas Bushill and Sons, of Coventry. The business was commenced in a small way in 1857 by my late father; the present partners are my mother, my younger brother, and myself.

5894. What is your own position?—As regards experience, I may say I was apprenticed to my father in 1873, at the age of 14. Since his death 14 years ago, my brother and I have been responsible for the active management of the business.

5895. What is the nature of the business?—Our business is printing, lithographing, bookbinding, box-making, and several smaller cognate trades. We have no patents or monopoly; all our trade is secured in the competitive field.

5896. What is the number of people whom you employ?—185. We employ no half-timers or married women.

5897. What are the conditions of their remuneration?—79 of them are paid time wage, 47 premium workers (that is to say, with progressive wages), and 59 piece-workers. As regards the rate of pay, the minimum of the letterpress printers, which may be taken as a fair indication, is 28*s.*, with 7*d.* per hour overtime. We are working now 50 hours, the Trades Union limit being 55. Other wages, owing to their variety, cannot very well be given. The employment is fairly regular. I daresay the Commission would like exactitude where possible, and I find that out of the 185, 46 lost some time during the last 12 months, and they lost an average of three days each per year. In previous years there has not been so much lost time as that; for several years there was none at all.

5898. I think you have stated the hours?—Yes, we reduced our working hours from 54 to 50 two months ago, of which alteration more can be said later on if desired. Our present hours are 8 till 1, 2 till 6, on Saturdays closing at 1.

5899. I understand you have adopted some scheme of profit-sharing?—Yes; if it is thought necessary for a proper estimate of the value of the experiment as a precedent, as perhaps it is,

Duke of *Devonshire*—continued.

I ought perhaps to say what led to that institution. In the year 1878 my brother and I were left to carry on a sound and fair-sized business. At the time of our father's death, however, the business was barely developed, and the limited amount of capital at our command made it for a short time doubtful whether we could carry it on. Owing, however to the noble and genial character of my father, the *employés* and the customers were well affected, and with hard work, and as some thought with the Divine Blessing, the firm every year improved its position. Under the influences of a virile Christian ministry and of Ruskin's economic teaching, I began to doubt whether the wage system as then practised was altogether justifiable; I did not see how the average workman had a fair chance of a man's share in life. About five years ago, during a talk at a Men's Bible Class, which is attended by several of our own workmen, a remark was made by a thoughtful mechanic to the following effect: "He did not "believe in the applauded munificence of em-"ployers who built churches or endowed large "charities out of a fortune which they had got "together while paying their men practically "only a subsistence wage." Mr. Sedley Taylor's little book on "Profit-Sharing" seemed to indicate a plan whereby the position of the *employés* might be improved, and some provision made for their future needs; my partners happily agreed to try at first for one year a scheme which was drawn up with the valuable aid of Mr. Sedley Taylor, and a sympathetic legal adviser, the Town Clerk of Coventry.

5900. Will you give the Commission some description of your scheme?—The system of profit-sharing, to begin with, I may say became operative in 1888. (*Copies of a little book entitled "Reports of Profit-sharing Scheme. Thomas Bushill and Sons, Coventry,* 1888–1892,' *were handed in.*) In making out the profit and loss account, the working capital of the partners for the time being is credited with 5 per cent., and from the balance, the clear profits, a certain fixed sum called the "Reserved

* This Evidence has been published in book form with notes and additional information by the Witness who has furnished the Commission with copies. The book is entitled "Profit Sharing and the Labour Question (by T. W. Bushill)," and is published by Methuen & Co. *See* Appendix to this evidence.—G. D.

Duke of *Devonshire*—continued.

Limit" is credited to the partners as a first charge for salaries of management, and payment for risk, and the residue is equally divided between the *employés* and the firm. It will be found from this statement that Mr. Livesey's rough account at question 27,094* was slightly inaccurate.

5901. You first fix interest on capital?—Yes.

5902. At 5 per cent.?—Yes.

5903. Afterwards you have what you call a reserved limit?—Yes.

5904. Would you just repeat that—what comes after the 5 per cent. on the capital?—A certain fixed sum called the reserved limit is credited to the partners as a first charge for salaries of management, and payment for risk, and then the remainder is divided equally between the *employés* and the firm. I may perhaps illustrate it by an example: Supposing a firm to be making an average profit of 1,000*l.*, and to start profit-sharing, it would probably fix the reserved limit according to its sense of what was right, and possibly at something less than 1,000*l.*, say at 900*l.*; then supposing next year with the stimulus of profit-sharing the profits to go up to 1,100*l.*, the firm would get the first charge of 900*l.*, plus half the extra which in this case would be 200*l.*, that is to say, they would get 1,000*l.*, and the *employés* would get 100*l.*

Mr. *Dale.*

5905. There being no charge on the part of the partners for management, except that which comes out of the reserved limit?—That is so.

5906. No salaries, I mean?—No. The amount of the reserved limit I may say is not made generally known, but it is communicated to a chartered accountant, and he certifies year by year what bonus if any has accrued to the *employés.* It has not so far been altered in our own case, but power is retained to raise or reduce it prospectively at the commencement of any financial year.

Duke of *Devonshire.*

5907. There is what you call the reserved limit altered from time to time?—It can be altered, but it has not been altered—it can be altered at the commencement of the year.

5908. Who take part in the bonuses?—In practice the whole of the *employés,* from the errand boy to the head manager. The two qualifications are, (1) to be a member of the Works' Sick Club at the beginning of the financial year, and (2) to have put in a request to participate. There is of course no desire to force the scheme on any one, though as a matter of fact everyone has put in that request.

5909. On what principle is it distributed?—The basis of the division is *pro ratâ* to the normal week's wage.

5910. How is this bonus treated?—Of each person's bonus one-third is paid in cash, and two-thirds go to form or to increase his provident fund. The cash portion is paid through an individual account in the savings bank, a course which was adopted with the idea of encouraging thrift.

5911. Now with regard to *employés* leaving your service?—Any *employé* leaving in any regular way gets his bonus credited (not reckoning fractions of a month) for the portion of the year he has worked.

5912. You make some special proviso in the case of embezzlement, do you not?—In the case of embezzlement or felony the *employé* forfeits the whole of his provident fund; the firm have a first claim thereon for any actual loss or damage inflicted, and the balance is at the disposal of the *employés'* committee for the benefit of the *employés* generally.

5913. As to the provident fund it may be withdrawn at a certain age?—An *employé* attaining the age of 65, or on completing 25 years of continuous service, whichever date first transpires, receives his provident fund.

5914. Under any other circumstances can the withdrawal from a provident fund be made?—An immediate payment of the provident fund can be claimed upon the death of any *employé,* or by any female *employé* leaving for marriage.

5915. Under any other circumstances after leaving?—Any *employé* leaving retains his full right to his provident fund, and can claim the same at the same time or date as he would if he had not left. The firm and the committee can jointly vote an earlier payment at their discretion in such cases.

5916. Are there any other details you wish to give on the provident fund as to interest and security?—While the provident funds are held by the firm, interest at the rate of 4 per cent. is credited to them. As regards security the firm gives to two representative trustees security upon property for the provident funds for the time being in their hands. A copy of this deed I have here which can if desired be printed in the Appendix (*see Appendix* XCIX.). In the case of a limited liability company the hypothecation of debentures would seem to be a simple way of arranging such security. Some valuable hints on this head will be found in Mr. Rawson's useful book "Profit-sharing Precedents."

5917. Is the fund managed by a committee?—Not exactly; the actual allotment is self-acting, and is managed by the firm, but the Works' Sick Club Committee form a consulting committee and a channel of communication between the firm and the *employés* under this scheme.

5918. Does this system confer anything in the nature of a partnership?—No, it is expressly provided that the *employés* are to have neither the rights nor liabilities of partnership. I may say that so far there has been no sign whatever of troublesome interference with the conduct of the business on the part of any of the *employés;* the discipline, which has never been bad in our works, was never so good as it is to-day.

5919. How long has this scheme been in existence?—It has been in existence for a little more than four years, but it can be terminated by the firm at the close of any financial year.

* See Minutes of Evidence, Vol. iii., Group C., p. 248.

Duke of *Devonshire*—continued.

In such a case the provident funds would be payable to their owners on the following 31st day of December. A copy of the rules of the profit-sharing I can now put in if it is desired to place them in the Appendix (*see Appendix* C.). This is the deed which I have referred to (*see Appendix* XCIX.).

5920. You wish, I think, to speak of the effects of the scheme from the *employés'* point of view?—It seemed to be important, and not very easy, to get at the real opinion of the *employés* on the subject. The value of such testimony, when given openly, is naturally discounted by misgivings as to how far it is affected by either fear of punishment or hope of reward. I left the matter with our committee——

5921. Is that your consulting committee?—The consulting committee of the *employés*, and our manager, Mr. Sharp, whose co-operation throughout has been most valuable, talked it over with the committee, and they carried the following resolution: "The Employees' Con-" sulting Committee hears with satisfaction " that the Royal Commission on Labour now " sitting is seeking evidence as to the success or " non-success of the profit-sharing system, and " with a view to secure a free and independent " expression of opinion from each adult *employé* " they propose: That a paper be given out on " Saturday, November 12th, to each *employé* " above the age of 21, on which he may write " briefly (in ink) his opinion *from his own* " *point of view* (I.) of the principle of profit-" sharing; (II.) of the results here (no figures " to be mentioned); (III.) of the details of our " system. Own handwriting not necessary, and " no name to be signed. A free expression is in-" vited. If anyone wishes to express an opinion " on the *shortened hours* the space on the back " of this paper should be used." This course, as will doubtless be seen, promised for the experiment a severe ordeal. There would be few of us who would lightly invite the sending in of anonymous letters, even from the circle of our intimate friends, but of course I raised no objection to the proposed method. I have here the whole of the replies which were received, and I should be obliged if the secretary would kindly arrange for several of these to be read to the Commission. For one thing some of them are of a complimentary nature, and my position in the matter throughout has been that I have had personally nothing to do with them (*see Appendix* CI.).

Mr *Livesey.*

5922. How many did you receive?—About 70 were issued, and about that number were received. The remainder, of course, will be handed in, and if it is thought worth while can be printed in the Appendix, with the exception of two, which are complimentary, but mention private details. One of them I propose to hold back for a few minutes; it is rather of a critical nature and will come in better later on.

Duke of *Devonshire.*

5923. This circular was issued to every one of your *employés*?—Yes, to every adult *employé*.

5924. And on what principle do you say these seven or eight have been selected?—That they mention features respecting the system from the *employés'* point of view, which are valuable, I think, to the public, as the system is so largely a novel one.

5925. I had better hand them round in the first instance, and we can see whether it is desirable that any of them should be read at the end of your evidence. Can you give any information as to the financial results to the *employés*?—The exact figures are not public. Some competitors and customers are inclined, it is found, to make use of the information which, although irrational, is annoying. I should say, however, that Mr. Livesey in answer to question 27,094,* understated the results. I beg to hand in, however, for the private information of the Commissioners, an abstract of the bonus and provident fund accounts for the past four years, a list of specimen provident funds, and a calculation of specimen provident funds worked out for 25 years (*handing in same*).

Mr. *Livesey.*

5926. I put it at 5 per cent., did I not, or something of that sort, and you say it is a good deal more?—I say that it was understated.

Duke of *Devonshire.*

5927. These papers which you have just handed in you do not wish to be published, I understand?—That is so. In our own case the workpeople are satisfied with our regular accountant's certificate, but in some cases it would be desirable for a second accountant to be appointed by the men's committee, and paid out of the bonus fund. As regards the general satisfaction of the people as to the results, the ballot opinions handed in, and to be handed in, give striking evidence.

5928. I do not quite understand this paper which you have handed in not for publication with reference to the provident funds?—That shows how the provident funds mount up. Supposing 4*l.* a year to be passed to a man's account, owing to the compound interest, at the end of 25 years, instead of it being 100*l.*, it is 166*l.*

5929. You have already stated that the *employés* are satisfied with the audit?—Yes.

5930. And have expressed no wish for a separate audit?—No.

5931. Can you state that they are generally satisfied with the results?—I can state that, but their own opinions are of so much more value than my impression of their opinions.

5932. But you believe that the results have given them satisfaction?—Certainly.

Mr. *Livesey.*

5933. You could hand those papers round for the Commissioners to see?—Yes (*see Appendix*

* See Minutes of Evidence, Vol. iii., Group C., p. 248.

Mr. *Livesey*—continued.

CI.). Perhaps I may read a couple to give an impression of the whole.

Duke of *Devonshire.*

5934. Very well? — "*Principle of profit-sharing:* is a form of co-operation between "employer and employed, the latter partaking "of a certain part of the profits gained year "by year, if successful, after interest has been "deducted for use of capital. *Results:* After "working under the system of profit-sharing "for some years, I find it has been the means of "making me work more economically, trying "to get out the most possible work in the least "possible time. It has also been an incentive "to save, fostering in me ideas of things which "perhaps I never should have had. *The "details:* According to profits made and bonuses "declared, depending upon my weekly wage, "part of which is paid in cash, the rest detained "at interest till I am 65 years of age or 25 "years' continual service. A proviso is made "that an earlier payment can be made in case "of leaving earlier than this. In case of death "the balance would be paid to my representa-"tives." This is another paper:—"I cordially "approve of the principle of profit-sharing, and "I consider the results of the first four years, "working in this establishment to have been "most satisfactory. (2.) The results have been "good, not only financially but also for creating "a feeling of brotherhood and mutual helpful-"ness throughout nearly the whole of the staff "and for adding a new and pleasant zest to all "our duties. We understand better now than "we did at first the meaning of the scheme, how "and where we can economise and where we "can suggest. I like to think that my provi-"dent fund cannot be drawn upon for imme-"diate use, but is safely locked up for the "future. It is a great stimulus to see the "balance steadily growing, and at the same "time to know that it is a perfectly safe invest-"ment, under the security given by the firm. "Severe personal losses in the late building "societies smashes have rudely shaken any "thriftiness of character I ever possessed, and "consequently increased my appreciation of this "provident fund. I trust the firm will be "willing to assist me to find an equally secure "investment when it comes to my turn to "withdraw it. I consider the annual audit and "general details to be thoroughly satisfactory." Just one more: "The principle is very good, "and undoubtedly more beneficial to the work "man than the employer. I look upon it as a "free gift, for I should have had to work had "nothing of the kind ever been started. I wish "it had been started 20 years ago. Results "have been simply grand, and might be kept "up and made even better if all the foremen "would take the lead and set the example. "(3.) The details are all right."

5935. Are the men in your employment of a special class, or are they men of an average character?—I think they are of a fairly mixed

Duke of *Devonshire*—continued.

class; some of course good journeymen, and some labourers.

5936. I asked the question because these answers which you have read seem to show rather more than the average amount of education among the workmen?—Yes. I probably have read the answers of the better type of *employé;* but the whole tenor of all the answers, with the exception of this one critical one, is very much on the same lines.

5937. Are your workmen specially selected on account of their superior education or for any other cause?—No.

5938. They are a fair average of the class employed in similar establishments?—I should think so.

5939. Printing and bookbinding?—Yes.

5940. I am not sure. I think you have not stated what sort of weekly wages they are employed at?—I gave, in order to give a rough idea, the journeymen's wages in the letterpress department. The minimum wage in that department is 28*s.* Of course some in the same department are paid more than that.

5941. And this, compared with other employments, is rather a highly-paid employment?—The letterpress printing is of course a trade to which an apprenticeship has to be served, but personally I do not think 28*s.* a very high wage.

5942. An apprenticeship has been served by all the journeymen?—Yes, in that department.

5943. You wish to make some observation on the bearing of provident funds on national old-age pension schemes?—A prominent scheme for old-age pensions requires the payment of 5*l.* by the beneficiary before the age of 25. As bearing on the practical chances of such a scheme, I have to state that all our *employés,* male and female, above the age of 19, who have participated for three years and upwards, have 5*l.* or upwards to their credit. In the event of the institution of a national pension scheme—and I could make, if desired, in cross-examination a suggestion as to an available source, in my opinion, for the desirable subvention thereto—our rules would no doubt be altered to fit in with such a scheme.

5944. What reasons do you wish to state for the temporary retention of provident funds?—It will be remembered that one-third part of the bonus is paid out in cash. As regards the retention of part of the additional income many employers are practically in a similar position. It is arranged frequently, as in our own case, that the partners draw out only enough to live upon, and that the balance is left in the business for extensions, &c. A partner's saving therefore is to a large extent automatic. I should like to submit to your consideration the question whether the more speedy economical advance of the average employer, as compared with the average workman, does not to a pronounced degree just depend on this accident. Take the case of an employer with an income of, say, 1,000*l.* a year; my strong conviction is that he would not be half so likely to save a competency for old age if he drew 20*l.* in cash every Saturday, as he is likely to do under the

Duke of *Devonshire*—continued.

usual present conditions, when a certain portion of his income does not reach him in cash at all. This retention then of the provident fund, under such a scheme as ours, removes from the workmen what I think to be a serious disadvantage. In their case, especially, thrift is often a tender plant and requires some nursing. As time goes on, perhaps it will be possible to arrange to pay out a provident fund earlier, if the owner wanted, for example, to build a house. It is remarkable that when our *employés* are asked for criticism of the details of the scheme, not one of them has asked for a change of this provision. As their ballot opinions will show, it is clear that some of them even express a liking for this provision. The way the interest, added year by year, makes the total grow is impressive to them. One of our foremen said to the cashier on receiving his book, "I never expected to be worth "that much, all my life." But it is important to notice that this feeling of satisfaction is acquired, and is not natural. When the scheme was started I feel sure that an overwhelming majority of our people would have preferred the whole bonus to have been paid out in cash. My belief is that experience has made them wiser, as I believe it would with hosts of other wage-earners. Besides, it would be impossible for them elsewhere to get so safe a 4 per cent. investment for such small sums. I received a communication yesterday from the firm of Ross and Duncan, who have been erroneously reported as having tried profit-sharing, and found it a failure. The fact is that they suspended their profit-sharing for a short time for a disciplinary purpose. Their letter gives rather gratifying evidence of a similar inclination in other quarters. This is the firm of Ross and Duncan, engineers, of Glasgow. They just make this note: "In 1892"—that is this year—"we offered "the workmen an alternative, either to have a "larger sum total on condition of putting a "considerable portion into the Works' Benefit "Society, which is managed by the men, or a "smaller total unconditionally into their hands. "We are pleased to say, that after a little "deliberation, the men chose the former, though "it has put less money actually into their "pockets." My impression is also that a firm could, under such an arrangement as ours, afford to give a more liberal bonus than otherwise. It would be crippling to the financing of some growing business to pay out the whole of the bonus yearly. Even if the provident funds cannot be made absolutely secured, if the workmen are to have some of the advantages of co-operation, I do not see why they should be placed in a better position in this respect, relatively, than the employer. There is a great deal in a man feeling that he has some stake of capital in a concern.

5945. This provident fund forms part of the capital of your business?—Yes.

5946. And in case of failure the *employés* would lose their invested funds?—No, I have explained that security has been given to them. They stand, with respect to our capital, in the same position as debenture holders would stand in connexion with a limited liability company.

5947. Their investments in the provident fund would be a first charge on the estate, would they, in case of failure?—Yes.

Mr. *Dale*.

5948. Perhaps it might be convenient to ascertain at this stage whether two-thirds, or any other proportion of the employer's share of the profit fund is put into the provident fund. First you have the 5 per cent. interest on capital, then you have the reserved limit, which goes to the employer, for salaries of management and the rest?—Suppose we call that 900*l.*

5949. Then you have a balance which is equally divided between the employer and the employed?—Yes.

5950. Of the employed's share one-third is paid in cash, and two-thirds go into the provident fund?—Yes.

5951. And the employer's share—does any part go into the provident fund?—No.

Duke of *Devonshire*.

5952. What do you consider the weak point in the provident fund?—If a man recently employed were to die there would not, of course, be much in his provident fund. The firm and the *employés* have arranged further a Benevolent Fund, which I must not stay to describe, but it meets a case like this by providing for such a man from 5*l.* to 13*l.* according to the size of his family. This would be independent of any other club grants; in fact, all our arrangements aim at stimulating, and not supplanting, individual resort for benefit from other benefit societies, whether Odd Fellows, trades unions, or what not.

5953. Do you make any provision against fluctuations of a bonus?—It is evident that it would be disheartening if the bonus were to make a sudden drop any year owing to a big bad debt, for which only the employer or manager or traveller might be responsible. This risk can easily be obviated by the course which we adopt and recommend. Supposing the total of a firm's bad debts to be about 100*l.* a year; let the firm write off profit and loss account a per-centage of sales which would make the sum, say, 200*l.* a year. This course can be continued till a reserve of 500*l.* or 1,000*l.* is reached, when there will be no fear of any sudden drop of bonus on this account.

5954. That is a sort of insurance against bad debt?—Yes.

5955. Does the bonus affect the rate of wages which you pay?—It is not intended to affect the rate of wages. Whether it actually does it is difficult to speak with actual precision. I can only say that in considering applications for rises, to the best of my ability I exclude considerations of probable bonus. About two years ago there was a movement in Coventry for an advance of wages amongst the printers, and our course of action therein should perhaps be

Duke of *Devonshire*—continued.

quoted. A deputation from the Trades Union waited upon me, and although the rate of our bonus exceeded the asked-for advance in the minimum wage, the fact of our having any profit-sharing arrangement was not so much as mentioned during the interview. It was mutually arranged to defer the decision for two or three weeks, and in the meantime in conversation with one or two of the principal employers in the town, I advocated the concession, thinking it, at the time, a just demand, and the advance was shortly afterwards generally conceded. But here the critical ballot opinion of the *employés* which I held over should perhaps be given. The opinion of this *employé* is: "On "the principle of the scheme there is unity "between master and man; harmony among "the *employés*; utilising economy throughout "the firm. The results have been very grati-"fying during the four years the scheme has been "in working. Does the scheme affect wages? "In my opinion, yes. The wages are weekly, "therefore the younger and journeymen *em-"ployés* find it very hard to get an increase in "their wages. I think it has no effect on the "elder *employés* who have reached the top of "the ladder." Inasmuch as this opinion is almost certain to produce an unduly sinister effect, I should like to be allowed a word thereon. When I read it there rose up before my mind the figure of a brisk young man who applied for a rise a few months ago, and who seemed to be much surprised to find that the estimate of the value of his services formed by his fellow workmen and his employer was not as yet proportionate to his own self-appraisement. That is, of course, only my guess. Our wage-book would, I think, show that during the last four years of profit-sharing rises have been as frequent and substantial as during any four years of the firm's history. The Trades Union interview above quoted gives, I think, some support to this statement. I must confess that one is not altogether sorry at this opinion just read because, as will doubtlessly be inferred, the complaining voice of this solitary individual, one out of 70, favours the idea that the rest of the witnesses, who gave satisfactory opinions, spoke also without fear or constraint. On the general question I may say that Mr. D. F. Schloss authorises me to give the result, which I think is embodied in his valuable book, "Methods of Industrial Remuneration," of a careful investigation which he made a year or two ago. He had met with the allegation that profit-sharing firms underpaid their men in ordinary wages, and by means of a well-known Trades Union secretary he got returns from Trades Union sources respecting all the profit-sharing firms then known. The reports gave the information that in every case, at least the Trades Union rate, if there was a Trades Union rate, was being paid, with one exception, in which case the firm was paying a bonus of 26 per cent. upon the ordinary wages.

5956. What are your relations with the Trades Union in reference to this scheme?—

Duke of *Devonshire*—continued.

Under our profit-sharing arrangements there is no desire or attempt to undermine trades unionism. Society and non-society men are treated exactly the same. The rules do not contain an anti-strike clause. In the first draft anyone terminating his engagement during the year lost his right to participation for the incomplete year, but three years ago, chiefly owing to the influence of my friend, Mr. Schloss, this was altered, and now, even if a strike occurred and the strikers worked out their usual notice, they would be entitled to a share of the bonus, proportionate to the part of the year actually worked; but we have had no whisper of a strike.

5957. As a matter of fact do your men belong to a Trades Union or not?—I do not know what proportion do; I know that some do. We do not ask the question.

5958. Do you consider this system stimulates good feeling?—We think that a decided increase of good fellowship amongst the *employés* is discernible. To illustrate this feeling I may perhaps quote this little incident. The year after we commenced profit-sharing one of our workmen came into the office and said to me: "We should like your advice, sir; we want to "know how we can best arrange to send so-and-"so (naming a fellow *employé* who was on the "sick list) to the seaside." I said I was glad to hear about the plan, when the workman—a clever, hard-headed, unsentimental fellow by the way—continued, speaking of the sick man; "As you know, sir, he wasn't over civil to us "when he was here, but after what you done "for us last year, we think that now we ought "to do what we can for one another." If I may be allowed to say it, this incident lingers in my mind as the most gratifying occurrence in my whole business life.

5959 Now you wish to speak of the scheme from the employer's point of view; first as to its economical gain?—I should first say that the effect has not been steady throughout. When the scheme was first introduced there was a spurt and nearly everybody showed some extra zest in their duties. Then after a year or two there was a slackening, only the foreman and some others of the more intelligent workers keeping up with the increased zest. But lately, for the last year or so, there has been a steady pulling up all round. One effect is that there is less need for supervision; it induces a system of mutual foremanship. It is of course a great lubricant; there is less liability to friction between individuals and departments. Then, having more confidence in the people being attached to the firm and not likely to start on their own account so readily or to go to competitors' establishments, one feels free to delegate to them more of the buying and other duties which saves the employer time and worry. They also show a fertility of resource in overcoming difficulties. There have been distinct economies in time and material, as I may be perhaps allowed to show in a few minutes. There has been devising of cheaper

Duke of *Devonshire*—continued.

methods of production; and the fact of such a system being in vogue with us tends to secure and retain the best workers. This was seen especially two or three years ago when there was a boom in the cycle trade, and everybody was crying out for boys and youths. We suffered but we did not suffer so greatly as other people who employed this class of labour.

5960. That is to say, you suffered from the loss of your boys?—Yes. The provident feature provides a valuable guarantee against embezzlement. In the case of some firms such a feature would be very valuable in respect of the cashier or traveller who may have large sums of money in his hands. The last feature I would mention is the advantage which has come to us through the introduction, owing to profit-sharing, of a professional audit, though of course many firms which are not profit-sharing have a professional audit. We thought that our book-keeping before was very well done, but my conviction now is that all employers who have not a professional audit are losing money thereby.

5961. The scheme makes a professional and independent audit a necessity?—Certainly.

5962. Which you consider to be an advantage?—Yes.

5963. Although you could have it without the scheme?—Yes.

5964. Those advantages you enumerate are economical. What do you wish to say on the moral questions?—There has been an improved tone amongst the workers. Practically we have had no loss of time owing to intemperance; I only remember one case during the last few years, and that case was an elderly weak-minded man, who has now come back as a reformed character. One interesting accompaniment of the system has been the cessation of applications to me for recommendations for the charities of Coventry. We have, as no doubt some people are aware, a large number of charities; 200 or 300 doles of 4*l.* each, are distributed every year; and as I know one or two of the trustees, I could easily get for one or two men, in whom I might be interested, one of these 4*l.* doles. Naturally I used to have from year to year applications from men in our employ for such recommendations, which were satisfied. Since the inauguration of this scheme, with the exception of one new comer, I have had no application whatever for charity recommendations, which seems to me to show that it tends to increase manliness and independence of character. The increase in the sense of moral satisfaction to the employer is considerable, though under the existing state of competition a general present state of complacency is not likely to be readily attained by any thoughtful person. Personally, however, I feel wholly free from the fears which seem to possess the minds of many employers—as to the possible results of the continued demands of labour—of some impending industrial Armageddon which is to overwhelm everybody. Certainly the pleasure which one feels on the day of the bonus announcement, at the thought of the hundred homes which are brightened with the news of the declaration of some addititional remuneration upon the year's work is, I can assure my fellow employers, a very enviable feeling.

5965. What qualification do you wish to state to these economical and moral gains?—There is a certain increase in clerical work, though not so much as might be anticipated. In Mr. Rawson's book (in the appendix) will be found a short statement of the approximate additional cost of this clerical work, and forms for the different books necessary. In our case it has meant a slightly lessened income to the firm.

5966. Can you give an approximate estimate of the additional clerical work which it involves? Is it an extra clerk, or more than an extra clerk?—In a business employing about 200 persons, I reckon that the extra clerical work, necessitated by such a scheme as ours, can all be done by the cashier, and amounts in the aggregate to one week's work per annum. In the first year it would be more, perhaps double or treble that time.

5967. Up to 200 workmen I think you said?—200 workmen.

5968. Any addition to that would perhaps involve an actual increase in the clerical staff?—I have said that it means an addition of one week's work. With double that number, I should think probably the cashier, by putting in a little overtime, for which of course remuneration could be arranged, would do it in two weeks.

5969. Then the income of the firm is somewhat reduced?—Somewhat, but I do not think this is an essential accompaniment of a successful profit-sharing scheme. It all depends of course where you draw the reserved limit—where you draw the line of reserve. Another qualification—though these facts are not due to profit-sharing, they are only things that one would wish to see absent under profit-sharing—is that some annoying mistakes and carelessness still subsist, but one has the satisfaction—a grim sort of satisfaction—of feeling that the person who makes the mistakes suffer for it.

5970. In your proof you mention the disadvantage of a yearly balance. What do you mean by that?—When it is possible, I think that a half-yearly balance is perhaps better, because 12 months is a long sight for the average *employé*, and the more quickly you can bring the reward before him the better; though of course, when you have to show him the 12 months' result it is larger and perhaps more impressive.

5971. Are there any other particulars of your experience that you wish to mention?—I may say that from the commencement of this system I have made jottings in my note-book of incidents, whether satisfactory or unsatisfactory, more or less associated with this new *régime*. These incidents have not been searched for indeed, I do not think that any of our *employés* know of my practice, and we have striven to avoid giving any theatricality to our experience

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I may first read two or three jottings of an unsatisfactory sort. "Economical. December 1888. "Apprentice wasting time. January 1880. One "department, female workers, bad work. "October 20. Two machines, bad work." I omit the rest to save time. "As regards morale. "January 1889. Youth discontented and left. "November 1889. Youths quarrelling. October "1890. Two overseers at loggerheads. Novem-"ber 1892. Foreman—friction with other de-"partments."

5972. These do not appear to be particularly incidental to your system?—I mention them to show that the system is not a panacea; it does not bring about any magic change in the habits of the people. Some of the other incidents, if I may read two or three, are distinctly due to the profit-sharing. "Economical. November 1888. "Two rooms; gas turned down spontaneously "during tea time. November 1888. Journey-"men suggesting an improvement in design of "machine. July 1889. Journeymen making a "machine self-delivering. September 1889. "General saving in gas bill for a year, a larger "trade having been done. January 1891. "Foreman to girl who had spoiled some work, "'That is so much out of your bonus.' Novem-"ber 1892. Foreman during press of work "saying 'We will do without overtime some-"'how.' November 1892. Office staff saving "stamps by collating letters of two depart-"ments." As regards morale: "September 1889. "One department started a trade magazine "club. January 1891. Journeyman's words to "witness on leaving to take an overseer's "position elsewhere, 'I hope, sir, I shall always "'get treated as well as I have been here.' "February 1891. Journeyman refusing offer "of situation elsewhere at 4*s*. rise. October "1892. Clerk on leaving to start a small similar "business, 'One thing I am resolved upon, sir, "'I will do nothing to injure your trade.'" It may be noticed that with respect to this, some of the satisfactory incidents are clearly due to profit-sharing, and as regards the faults, when they are not due to personal feeling amongst the people, they lie with the younger and unintelligent members of the staff.

5973. I believe that is all you desire to state about your own firm. Have you given some attention to the question of profit-sharing generally?—Yes; and I have been asked to give evidence respecting these other firms—though I was not anxious to do so. I am very glad to do so.

5974. What have you got to say as to the term of "profit-sharing"?—It is important I think, to confine the term to those cases where there is, in the words of the Paris Congress on profit-sharing 1889, "A voluntary agreement "under which the *employé* receives a share, "fixed beforehand, in the profits of a business." There are numerous cases, which I should call "bonus-giving" cases, where a bonus, sometimes a generous one, is given, but on a basis which is not previously fixed. It can be more, or it can be less, just as the employer at the time being may will. The essential feature is, it seems to me, that the amount should be such as may be determined, or capable of being determined, in some manner absolutely independent of the volition of the employer.

Mr. *Dale.*

5975. But obviously it would be dependent on profit?—Certainly.

5976. Not on output in a measure?—Certainly not. The matter is treated more fully in Mr. Schloss's book.

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5977. Could you hand in any list of the firms which, to your knowledge come strictly under the term of profit-sharing?—I have here a list which has been prepared by Mr. Schloss and myself containing the present known profit-sharing firms. With regard to the system perhaps I may first say that it is important to recognise that there are different sorts of participation, and the reason for this will be seen when we come to consider the so-called failures of profit-sharing. Mr. Schloss divides them into five classes. I have ventured to add two others, and I will enumerate them in a certain order. I do not think it is necessary to define them, but I just mention them now. They are, surrender participation, stimulus participation, non-practical participation, deferred participation, bribe participation, minus participation, and stockbroking participation. The two first classes are really the two which are, I think, from any point of view unexceptionable, that is, to which exception cannot be taken from any reasonable point of view—they are the surrender participation and the stimulus participation.

5978. I do not quite understand what you mean by surrender participation?—That would describe the participation adopted by a firm which surrendered out of its present profits such a sum as could not easily, or within reason, be expected to be made up by the increased zeal of the workers; that is to say, a certain portion of the firm's present profits are surrendered.

5979. Then what do you mean by stimulus participation?—That is when a firm introduces the system, and perhaps makes a certain concession which it may fairly be expected will be made up to them by the increased zeal of the workers.

5980. Or perhaps makes no concession at all?—Perhaps not.

5981. That is a participation in anything additional to the existing profits?—Yes.

5982. That would come under your heading stimulus participation?—Yes.

5983. There were other headings I think you had—bribe participation was one?—That is a term which is applied in Mr. Schloss's book, and I think he would apply it to the case where the participation was introduced with the idea of detaching workmen from their Trades Union. Personally I may say I should prefer a less strong term.

5984. What is the meaning of deferred participation?—Deferred participation would describe

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a case where a firm or an insurance company wished to prevent or to guard against its servants leaving its employ to join rival concerns or to start an opposition business. They would then, as they have done in Paris, have an amount year by year allotted to the *employé* which can only be drawn by him if he remains with that particular company until he is, say, 60 years old.

5985. And minus participation, what does that mean?—That would describe a case where a firm does not pay full ordinary wages, and reckons that the bonus will make up to the *employé* what he is paid short in ordinary wages.

5986. I think the other heading was stockbroking?—Yes, I have been driven to the conclusion that in one or two cases the profit-sharing feature has been introduced with the idea of rigging the market. For instance, a firm is converting its business, and perhaps watering its stock very considerably, and advertises, or lets it be known, that all the profits above 10 per cent. are going to be distributed amongst the workers. One case I know of in which the profits never reached 5 per cent.—I think it has collapsed since.

5987. That category might be described as advertising?—I think that perhaps would be a better term.

5988. That is the idea, is it?—That is the idea.

5989. You were going to give some figures showing the progress of the movement?—This list shows that up to and including 1888, there were 28 cases; during the year 1889, 9 cases; in 1890, 22 cases; in 1891, 11 cases; and in 1892, 7 cases. The present total consists of 77 firms, with over 16,000 *employés*, of which four are colonial, including the scheme inaugurated on a generous scale by the late Mr. William Walker of Ceylon and Glasgow, which is interesting from the fact that the native as well as the European workers are to benefit (*handing in list of profit-sharing firms; see Appendix* CII.)

5990. Does this list contain any particulars which show the size and magnitude of each business?—The number of *employés* is given against each firm, and that gives a very fair indication.

5991. Could you state which are the largest firms in which it has been tried?—The trades?

5992. The largest businesses in which this experiment has been tried. Looking over the list I think the South Metropolitan Gas Company appears to be the largest business?—Yes, I think so. Then there are Cassell & Co., the printers; Clarke, Nicholls, and Coombs, the confectionery manufacturers; Hazell, Watson, & Co., printers: and Wills, the tobacco manufacturers. I may say that profit-sharing is being worked at the present time successfully in the following amongst other trades: woollen manufacture, printing, &c., confectionery manufacture, oil-cake manufacture, manufacturing chemists, gas fitters, gas manufacture, grocers, packers, &c.

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5993. Is the principle adapted more readily to certain trades than to others; in this list printers to be rather numerous?—Yes; I think it is perhaps specially adaptable to the printing trade, specially useful in the printing trade.

5994. Can you explain that at all?—There is, for one thing, very little piece-work. I should think that would be the chief reason.

5995. In your opinion, is the principle capable of adaptation to most industries?—Yes.

5996. It implies, I suppose, a certain amount of continuity of employment?—That is a desirable point in connexion with it; but in the case of Leclaire of Paris, "the father of profit-sharing," I may say that in his business, even if a man only works one day, he gets his bonus credited to him for that one day's work. I do not recommend that: I think that there should be, say, a few months' service necessary to save clerical work.

5997. Do you believe this list that you have handed in to be a complete list?—No; some new cases I know of which are profit-sharing, and in those cases the firms do not wish their names at present to be mentioned. When, in 1888, I was inquiring into the subject I could only hear of four cases, though I went to the best quarters I could, and none of those were suitable for the lines on which we wished to work. After reading a Paper in London, which I was pressed into doing the next year, I got to know, through that perhaps, of a number of others, and Mr. Schloss has got to know of others still. Firms are naturally a little backward in wishing their names to be published in connexion with this, because it gives the impression perhaps that they are doing a little more than other people, and they do not wish to appear to be offering advantages when they are not certain that those advantages will accrue. I believe that, as a matter of fact, we have in Great Britain more cases of genuine profit-sharing than there are in any other country. As regards the cases that have been discontinued it is perhaps desirable to say a word. In Mr. Schloss's book there are 15 cases alluded to, I believe; one of those has since started again, and is promising well, as I have already mentioned. Now I would draw attention to the classification, because profit-sharing is discounted in popular estimation, owing, I think, to the want of observing this point. Out of these 15 that are reported as discontinued—sometimes spoken of as "failures" of profit-sharing—one has started again, as I have said; three belonged to the non-practical class, that is to say, businesses started by people who are not conversant with their business; three belonged to what is called, in the book referred to, the bribe class; and two to the stockbroking or advertising class. This leaves six cases, presumably of a good class; and of those six, as far as my inquiries have enabled me to judge, it turns out that profit-sharing was only tried for about two years on an average. I would submit that that does not give the system a fair chance. Considering that for a century there has been a growing feeling

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of disunion and suspicion between employer and employed, two or three years are quite insufficient, I think, to dispel that suspicion. I conclude that it has not failed so far: and I am rather surprised to find what a strong basis there is for the assertion. I do not know of a failure where the system has had a fair chance given to it.

5998. Have you anything to state as to the various methods of profit-sharing?—The two chief methods are those which I have advocated already as the reserved limit basis——

5999. That is your own?—That is our own—and the per-centage basis. To illustrate it by example, the firm with profits of 1,000*l.* offers to divide with its *employés* all made above 900*l.*, say, that is the reserved limit; but it may offer to its *employés* to give the *employés* 15 per cent. or 10 per cent. or 7½ per cent. of the net profits; that is to say, 10 per cent. of course on 1,000*l.* would be 100*l.*; if 1,100*l.* are made the people would get 110*l.*, and so on. The latter plan is the better, and the more applicable, for cases where the profits vary very much—go up and down. Here is a list of publications on profit-sharing. I do not know whether it would be interesting to put in the Appendix. I hand it in (*see Appendix* CIII.)

6000. Have you referred to most of them already?—The principal ones, yes; excepting perhaps Mr. Gilman's, which is the largest book on the subject. Before going on I may say that valuable statistics as to the increase of remuneration under profit-sharing as hitherto worked are to be found in Mr. Schloss's book.

6001. You wish to state something on the subject of the relation of profit-sharing to trades unionism?—Yes; I do not see how advocates of profit-sharing can claim that their system is an effective substitute for trades unionism. Apart from the fact that it is desirable that men should have the educating effect of practical sympathy with their fellow workmen, I do not see how, under the stress of existing competition, profit-sharing can permanently provide an effective guarantee of an adequate minimum wage.

6002. As to those cases where the scheme contains an anti-strike clause?—I am glad to say that those cases are quite exceptional. It is conceivable of course that there might be certain conditions which in a certain trade would, for the time being, warrant such an inclusion; but generally speaking if workmen are connected with a reasonable union, such as generally speaking I consider our own Union, the Typographical Association, I could not recommend them to barter their right of free combination and of free action for the average system of profit-sharing. Such action seems to me too much akin to selling their hardly-earned birthright for a mess of pottage.

Mr. *Dale.*

6003. Would you make it clear what the provisions of the anti-strike clause would be—that in the event of a strike the workmen would forfeit what?—Would forfeit certainly the incomplete year of his bonus, and in some cases

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would forfeit the provident fund, or some other fund held by the firm.

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6004. Are there any cases which provide for Trades Union membership?—A large number of the recent schemes explicitly provide for this—they have a clause to this effect: "profit-sharers "will be free to become or remain members of any "trade or friendly society." One employer, Mr. R. Martin, of West Hartlepool, gives still stronger evidence that all profit-sharing employers are not hostile to trades unionism by providing that "profit-sharers must be members of their trade society." Personally I think that there should be freedom to belong to, or to remain outside, the Union.

6005. And there is no essential antagonism between them?—As would be gathered from the foregoing, I do not think that there is any essential antagonism between the two systems. On the contrary they are desirable supplements of one another; in fact in ideal forms they might be held to be, in the words of the poet, "Twins—a sister and a brother; Each the "dearer for the other."

6006. I think you mentioned the Union in your own industry—the Typographical Association, is it not?—Yes.

6007. Do you know what view they take of the scheme?—The members of that Association who are our *employés* must approve of the scheme because all their answers would be included in those opinions that are handed in, and all those opinions are favourable.

6008. Then have you ever had any communication with the officials of the Union on the subject?—No.

6009. What observation have you to make on high wages brought about by trades unionism as compared with the increased remuneration under your system?—In some trades it has been clear that the obtained rise in wages is followed by a rise in the price of the article to the consumer. The coal trade is an obvious example. In many manufactories no doubt the advance in the cost of production in many trades is only temporary, as labour under high wages tends to become more effective and tends to the introduction of improved machinery. But unfortunately there are examples of the contrary result. I can speak naturally best of things that have come under my own observation, and in the case of the building trade in Coventry, it is evident, I think to any observer that the men who are now getting higher wages considerably than they used to get are doing less work.

6010. In the building trade?—In the building trade. This is in support of my argument that the profit-sharing may have certain advantages which trades unionism has not. In the building trade wages have been forced up by trade unionism, and in that trade less work is actually done than used to be done at the lower rate of wages—less work per day I mean. I have here a communication from a builder of repute in Coventry which is to the following effect—I had

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put this matter to him:—"You will be well "within the mark in stating that fully one-"third less work is done in the same number of "hours now than was done a few years ago. I "am of opinion that the men have so long been "encouraged by trades unions to do less, that "they cannot now perform the same amount of "work as they formerly could." In acknowledging the letter, I said that I was anxious to understate facts, to err on the safe side, and I took his statement to be that a bricklayer who built three yards of brick-work in a given time then, would now only build two yards in the same time; but I put it to him whether we had not better correct the proportion to this—that a man used to build four yards, and that now he builds three yards, but my informant objected to the alteration; and maintained the fact that one-third less work is done for an increased wage than used to be done without over exertion for the lower wage.

6011. What do you infer from that—that the public suffers by the high wages produced by trades union action?—In this particular case. Of course as I have already said, sometimes the higher wages lead to greater efficiency of the labourer, and more machinery, but here the wages have gone up, I suppose, about 15 to 20 per cent. in the last 25 years, and the amount of work has apparently gone down 25 or more per cent.

6012. And that disadvantage would not in your opinion attend an improvement in the wages of the men brought about under your system—the quantity of work would not be reduced?—In our own case—I am afraid my evidence will appear egotistical, but I can only speak to the facts I know——

6013. Give us your own case?—In our own case the cost of production and the prices charged to the public for our goods have been lowered during recent years, while the remuneration to the workers has increased. I am sure the workers are all the happier for doing their level best while they are at work. There is no experience so miserable, I think, as that of the "shackler." The builder's statement that I have given of course is to a certain extent an *ex parte* one, and if I may be allowed I should like to supplement it by a reference to the excellent article which the "Daily Chronicle" had when the Royal Commission commenced its labours, in which support is given to my argument. The editor welcomed the institution of the Commission on this ground: "We hope "it will at least attempt to guide the aims of "Labour into the proper direction. Just now "Labour has but one object, to do as little work "as possible, and to get as much money for it as "it can." (Feb. 25, 1891.) Now that is the testimony of a paper which is distinctly sympathetic with labour. To show how suicidal this action is from the point of view of the workers, I may just mention that a few weeks ago I was saying to one of our men about some little matter, "You had better send round for a bricklayer to "attend to it," to which our man replied, "Won't you let us try and do it some other "way, sir? If we get these chaps on the place, "there is no knowing how long they will be "here." Other building operations we have postponed owing to this state of things. That job was actually done in some other way. Until this sort of tendency is checked and reversed, I despair of many right-minded employers adopting the attitude that is desirable towards trades unions. The way in which that sort of thing recoils upon the workers' own heads is shown clearly in Coventry, in respect to house accommodation. Our medical officer of health tells us that we have about 3,000 houses which have not all the proper sanitary conditions, and some of us are seeing what can be done to provide increased and improved accommodation for the artisans. But a serious obstacle to doing this (and of course to providing of decent homes for some of these very bricklayers) lies in the independent and careless attitude of many of the building artisans.

6014. You have a note upon another branch of the Coventry trade, the Coventry cycle trade; what do you wish to say upon that?—I wish to draw attention to the point of the weekly payment. Whatever advantage is secured by trades unionism is, generally speaking, paid out to the *employés* weekly. On this point we have had serious examples of the drawback of such payments in Coventry. 12 or 15 years ago all good watchmakers were earning very high wages; two years ago the cycle makers were getting very high wages. In each case some few of the artisans took care of their money, and now are to a large extent independent of bad times. But I fear that to the great majority of both classes the abnormal weekly receipts did more harm than good. To put the matter in a striking form, my conviction is that a great many of those would have been better off to-day if, during the good time, their employers had paid 4*l.* or 5*l.* a year to some provident fund on their behalf, than they are for the additional, say 20*s.* a week, which they actually received.

6015. What do you state on the subject of profit-sharing as compared with co-operative production?—To begin with, profit-sharing has the advantage of appealing to the parties who at the present time are in possession of the bulk of the trade of the country, that is the middle-class employer, or company. There is a distinct advantage in retaining the services of the trained middle-class *entrepreneur*. A peculiar quality of service should naturally belong to that class. I was speaking about this matter to the manager of a co-operative society recently, and he frankly spoke to this effect, "Working "men have not sufficient confidence in one "another; in some cases they seem all to want to "be captains. Generally speaking profit-sharing "will be necessary to bridge over the time from "the present unsocial arrangements to some-"thing more advanced."

6016. Now, what have you to say as to the value of the partner's work?—The only illustration that occurs to me is my conviction, which I

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think would be supported by the mass of our workpeople, that the sum of the value to the concern of my active partner's work is greater than that of any *employé* in the concern.

6017. I am not quite sure whether I understand the meaning of that observation. Do you mean the value of the work performed by a partner in an industrial concern is greater than that of any paid manager?—It depends on the partner.

6018. It is likely to be?—In some cases, and I illustrate it by the only fact which I can speak definitely about.

6019. Then as to the social influence of the employer?—If I might be allowed to add to my remarks about the jealousy which sometimes is seen between working men, I would say in our own case for instance, though there is sympathy when there is a case of need, between almost everyone, yet when it is a case of inter-working, who shall do this, and who shall do that, there is very often friction. Although our men have had the training of several years' community of interest under profit-sharing, I am sorry to feel convinced that, if the middle-class element were withdrawn, the business would go to pieces in a few months. Another illustration I heard in the office of the Labour Association, from the then secretary. That is an Association which was formed to promote independent productive societies among working-men. He was telling me that some slaters came to him wanting to start a productive society, and asked that one of the provisions should be that no member should hold more than 5*l.* capital; on the secretary expressing surprise at such a curious demand the men replied, "If one of the fellows "gets a lot of money in the thing he would "want to order us about; we would sooner have "a regular guv'nor than one of them bossing "us." As regards the social influence of the employer, I think that that is worth conserving. The mixing of classes in businesses as in other institutions is in itself a good thing, especially when the ladies connected with a firm show kindness in a proper spirit. I think the influence of the "traditions of civility" is very humanising and valuable.

6020. What distinction is it that you draw between profit-sharing and gain-sharing?—Gain-sharing is a comparatively new development of labour remuneration. The advantages of gain-sharing are that it brings the extra reward more directly in proportion to the actual effort of the individual, and that this reward is unaffected by bad debts or bad purchases on the part of the firm, for which the workers are not responsible.

6021. What is the distinction between the two systems?—I am not very well versed in the system of gain-sharing myself, but my impression is, that say a certain amount of work has to be done in building a ship, the employer in his estimate for that ship puts it down so much money; and then he says to his people, or through an accountant, it is arranged, "if that part of the "ship is made for less money than we have "reckoned in our estimate you shall have half of "the saving *pro rata* according to wages." The drawbacks are that the rewards are paid out, as the thing is at present practised, at short intervals: that it necessitates a great amount of clerical work, though of course that, in some cases, may be a gain in giving precision in costing; it opens the possibility for frequent disputes as to the basis of participation: and it sectionalises the workers into departments and otherwise, and is not therefore likely to be effective as a lubricant, which is one of the great advantages of profit-sharing.

6022. Have you in your mind any further possible developments of your system?—It is possible that a limited liability company might afford some advantages. It would enable the allotment of shares to workmen to be provided in an easy manner. Personally I do not think that the time has arrived for industrial partnership on the bold lines of Mr. George Thomson's experiment. The advantages of such a system do not seem to be proportionate with the hampering of the management which it entails. In considering the extent to which, at a given time, one should go in this direction, I think a warning may be taken from the experience of Mr. Robert Owen at New Lanark.

6023. Do you wish to state the estimate which you yourself have formed of a profit-sharing system?—My view is that it is a safe expedient for the manifestation of the new social spirit which is fortunately growing. As compared with schemes for municipalising labour and so on, it is modest and commonplace, but it has the advantage of being immediately practicable, and it does not supersede that individualism which has no doubt been so important a factor in the growth of inventiveness, while it adds the much-needed socialising influence. The beauty of the thing is that it brings additional wealth to those who are very much in need of additional wealth, while at the same time it prepares them to deal with it properly.

6024. But you do not look on profit-sharing as an end?—No, I think it is sufficient to regard it as the best known means for elevating the lot of the workers. If some better plan turns up, I should be very glad to consider it. I may be perhaps allowed to quote a short extract from a letter from a valued friend and legal adviser, Mr. Browett, who had heard of my having been called to give evidence:—"The "object to be looked at," he writes, "is a change "from hostility to sympathy, in the relations "between capital and labour, and the principle "of profit-sharing seems to me to offer the only "hope of change. We are as much at war as "ever we were in our Civil Wars, the loss and "suffering are as great, and the prospect full of "evil. The policy you advocate and practise "may be the dawn of a better day, and I think "it is; if not, why then the Deluge!"

6025. Is there any view you wish to put before the Commission on the labour question irrespective of the profit-sharing system? Are there any suggestions you wish to make?—As

Duke of *Devonshire*—continued.

regards the workmen, I am inclined to think that the most urgent need of the moment is the study of economics. Many working men have the idea that the limitation of production is in itself a good thing and tends to create employment. By this reasoning even laziness is made to wear a philanthropic guise. Not to refer to the most eminent authority on modern economics, I may say that Professor Symes shows up this fallacy in his little book on "Political Economy," which is well suited for popular study. Mr. Schloss, whose general sympathy with the trades union movement for increasing the wages of workers is well known, discusses the matter under the heading of "The Theory of the Lump of Labour," in his book on "Industrial Remuneration." And I cannot see how any intelligent artisan can read his argument without agreeing with his conclusion, that, if it is desired to increase the remuneration of the working classes, it is foolish to lessen the fund, namely, the Produce, from which wages as well as profits are drawn. Workmen would also learn from such study what some of their fellows have learned from sad experience in co-operative production, that profits are not infinite. As to the means for bringing this knowledge before them, besides the agency of political clubs, trades unions, and so forth, there is to my mind a good opening in the extending of the Adult School and Girls' Club movements where upper and middle-class people are being brought under favourable conditions into direct touch with working people. In thinking of the growing generation of workers now in our elementary schools, few would contend that our present system, whether as regards the teaching of social science or other things, brings about an ideal result; and in this connexion one welcomes as a cheering sign of the dawn of the social renaissance, the bold advice given to the Eton boys by Mr. Geoffrey Drage, which was to this effect: "Here, if anywhere, the ancient "motto, '*Noblesse oblige*,' applies, and I say to "you that of all the ways in which you can "render service to this country at this moment, "the most certain, if the least striking, is that "of qualifying for and serving in the humble "career of a master in a school-board school." I think that some workmen for their own interests need to be a good deal more considerate and fair minded. A case in point is the tone or style of the Building Trades Committee's manifesto of January 23rd, 1890, which I do not refer to only because it was meant to smash a profit-sharing scheme, but because it is expressive of the feelings of a good many. Messrs. Peto had introduced a scheme, and their scheme may have been open to legitimate objection from the labour point of view; but it certainly did not warrant the insulting tenor of the manifesto which I refer to, a copy of which I hand in (*see Appendix* CIV.).

6026. Did that proceed from a Trades Union?—From a group of Trades Unions. But when treated in this way, I think masters will have to remember the past, and that should lead them to be patient. A spontaneous declaration was made to me by a large employer of labour, which was the more creditable because his men were at the moment on strike. He said, "We "are suffering for the sins of our fathers. Up "till 20 or 30 years ago the masters had "all the power, and they did not do justly by "the men; now that the balance is changed, "we must not wonder at getting tit-for-tat." For all that, of course I think that the men will be unwise if they take as their policy the giving of tit-for-tat; and I regret to see advice given to workmen, by some well-informed persons, to the effect, "Get every penny you "can. As soon as you see you can get an "advance of wages, demand it." I hope that wages will go on increasing; by all means let the men keep up their combinations; do not let them take blindly what is offered to them; but the "better time" will not come by this policy of keeping a constant keen look-out for the employers' weak moment. And when an employer makes a genuine step to meet his men, as I know many are ready to do at the present moment, I think the men should hold themselves in readiness to welcome the disposition, even if they cannot accept the form it which it is at first manifested. As to the working men's need of greater thrift and temperance, I say little, because it is so obviously a prime condition of all economic improvement. During the dock strike, the fact that some of the strike leaders were, if not teetotalers, outspoken advocates of temperance, encouraged many others besides myself, who found the strike a big nuisance to our businesses, to send along subscriptions to Mr. John Burns.

6027. I do not think I have asked you whether you have had a strike in your business?—No, we have not; and we have had no whisper of such a thing.

6028. Have there being any strikes in your own trade during the period of the operation of your system?—I do not think there have been in our town.

6029. I think you wish to say something about the suggested alterations of the law?—There seems to be a doubt whether the bonus under a definite scheme is legally recoverable. It is certainly of great importance that there should be no doubt upon this matter; and when the thing is considered, perhaps the question might also be weighed as to whether such bonuses should not be given the same priority of claim as ordinary wages have.

6030. You have a note on your proof on the alteration of the Post Office regulations?—If the system spreads some firms will be glad to be relieved of the responsibility of holding these provident funds, and it is important that they should be so relieved. At present it is against the regulations for a workman to have an interest in more than one savings bank account.

Duke of *Devonshire*—continued.

In order to favour the institution of such provident funds as I have ventured to advocate, and which have, in our own case, proved so valuable, I think it very desirable that the regulations should be altered so as to allow of a workman having his own private account, and in addition of his being the beneficiary of a separate trust account to which probably the employer or his cashier would be trustee. Liberty should also be given to a qualified Post Office clerk to attend at the works of such a profit-sharing firm to take the necessary signatures.

6031. Could the Post Office undertake that in connexion with its Savings Bank operations?—It is against their present regulations.

6032. But it could, it might be capable of undertaking it?—I think it is very desirable that it should. It is simply a matter of altering a few sentences in the regulations.

Mr. *Courtney.*

6033. Are you quite sure that a person cannot have an interest in a deposit in the Post Office in the name of an association and have a private account as well?—He can have an interest in the funds of a trades union or benefit society, but my point is that it is desirable that it should be possible for him to have a personal fund of his own, to which the employer would be trustee, in addition to any fund that he might be saving on his own account.

6034. You want to have the bonus funds kept as separate funds in the names of the separate workmen in the Post Office?—That is so—the portions rather of these funds which it is decided to keep as provident funds.

Duke of *Devonshire.*

6035. Then you suggest public organisation for the registering of labour statistics?—It seems to me very desirable that a Government Department should have a staff sufficient to register statistics of such labour developments as profit-sharing. It is rather a tax on individuals to make the necessary inquiries and to tabulate the results. The insufficiency of the staff of the Labour Department of the Board of Trade was clearly seen when the late Government decided to issue a report on profit-sharing. The work had to be delegated to a gentleman in the Patent Office, and although that gentleman went to great pains and produced a valuable report, the fault of such a way of doing the work was seen in the results. As I am doubtlessly speaking in a line with the desires of the Department, probably the present staff will not object if I mention that the first edition had to be cancelled owing to mistakes of omission and commission, and that the revised edition contains a statement calculated to give a wrong impression on a vital point, of which I have a memorandum here which can be printed in the Appendix if desired (*see Appendix* CXV.). Another valuable function for a well-organised labour department would be, as Mr. Schloss has suggested to me, the communication from time to time to workmen in our country of the cost of production in other countries.

6036. The registry of statistics concerning profit sharing or co-operative labour undertakings at present would not entail a very large amount of work, would it?—Certainly not.

6037. The number of profit-sharing or co-operative institutions is extremely limited as compared with those carried on under other conditions?—Yes, at present. The fact of the department, being undermanned I think is betrayed by the long interval which elapses between the close of the Strike Report and the issue of the same.

Mr. *Dale.*

6038. I think you said that the total number of persons in the employment of your firm is 185?—Yes.

6039. Do all of those participate in your scheme?—Practically all.

6040. I think you said that the ballot papers had been sent out to 79?—To about 70, because ballot papers were only sent out to those above the age of 21. You see we have a number of young people, youths and girls.

6041. Then one may take it that of the 185 in your employment rather more than half are under the age of 21?—Yes.

6042. Who are nevertheless admitted to and in fact are members of the scheme?—Yes.

6043. Participators in the scheme?—Yes.

6044. What notice to terminate service exists between you and your workpeople?—Generally speaking, one week's notice.

6045. And service is terminated either by the giving or receiving of the notice?—Yes.

6046. I understand that, so far as the person's interest in the fund is concerned, that would be retained till he could naturally claim it, unless it was agreed by the committee, representing both the employer and the employed, that the circumstances justified its earlier payment?—That is so.

6047. As a matter of fact has your profit-sharing scheme had any influence on the non-necessity for your giving notice and the non-disposition of your *employés* to give notice?—I think that there has been less inclination on the part of the *employés* to leave.

6048. Are the cases comparatively few?—Our staff was very permanent, I think, compared with other businesses, before this came into force.

6049. As a matter of fact, where service has been terminated, has the person's share of the fund been usually handed over to him?—No. The rules provide that he shall not have it before such a time as he would have it if he remained.

6050. I think you said subject to the committee's discretion?—Yes, certainly.

Mr. *Dale*—continued.

6051. I am asking whether that discretionary power has been exercised?—On one occasion, and only on one occasion; in the majority of cases it has not been.

6052. It has rested?—It has rested. Girls leaving for marriage have, of course, always been paid out.

6053. You recently reduced your hours from 54 to 50 I think?—Yes.

6054. Was that in connexion with a similar reduction of hours by other persons in your trade in the same locality?—No. I mentioned the proposal to our chief competitors before it was made, but they did not fall in with it. Then we put it to our people, who voted on the subject.

6055. Was there a corresponding reduction in the rate of payment?—There was no reduction in the rate of payment.

6056. One of the ballot papers you have handed in says, "The wages are *weekly*, there-" fore the younger and journeymen *employés* " find it very hard to get an increase in their " wages." What did the writer mean by that?—I cannot discover.

6057. You handed in a specimen provident fund account, which you desire to be considered confidential. I presume that that desire merely arose from your wish that what you have taken as an illustration should not be deemed to be the expression of an expectation on your part?—Yes, that is so.

6058. It is merely illustrative?—Yes.

6059. What it means is, that assuming a workman's Provident Fund share of the bonus equalled 4*l.* per year, he would at the end of 25 years have accumulated, I suppose, about 40 times as much?—That is so.

6060. In other words, if a girl were receiving 12*s.* a week, and if, by way of mere illustration, her Provident Fund share of the bonus per year amounted to 2*l.*, she would under your scheme, with 4 per cent. added, be able to accumulate, at the end of 25 years, 83*l.* 5*s.* 10*d.*?—That is so.

6061. A man, on the other hand, whose Provident Fund share of the annual bonus amounted to 6*l.* 13*s.* 4*d.*, would have accumulated 277*l.*?—That is so.

6062. And that in addition to having received from year to year in the interval a third of his share of the bonus in cash?—That is so.

6063. That is the meaning of it?—Yes.

6064. If the results in any year fall short of the reserved limit is the deficiency carried forward into the next year?—No

6065. Each year stands by itself?—Practically so.

6066. The amount of capital to bear the 5 per cent. interest was a matter of declaration, as it were, by the firm in the first instance, I suppose?—The amount of capital has not been made public; in fact the capital is a varying sum from year to year, but the accountant sees to that.

6067. It is for the firm and the accountant to define what is the amount of capital which should bear interest as a first charge upon the profit?—The balance sheet shows that amount each year.

6068. You used the expression, I think, in reference to your own undertaking, "but I am " not sure as to that, that the income of the firm " had been reduced"?—Yes, it was slightly reduced.

6069. That is to say your own experience has not been that the greater industry, or the greater efficiency, or the greater economy of the *employés*, has effected a saving equal to the *employés'* share of the profits?—No, but I think it is possible that in other cases it might.

6070. You said, I think, that the system which you adopt was not very well adapted to piece-work?—The impression I wished to give was that piece-work brings an additional incentive to zeal of itself, so that, supposing a business is all piece work to begin with, there is not presumably the same margin as regards economy and speed as there is in a business which is on time wage.

6071. In other words the piece-work system would in itself be an incentive, rendering it not so necessary to have the further incentive of a participation in profits?—Yes, not for that purpose; but of course profit-sharing has other qualities which I think render it very desirable even in the case of a piece-work firm.

6072. You do not see any difficulty in the way of applying it to a business in which piece-work prevails?—No, you see that nearly half of our people are on piece work.

6073. Then you simply mean that there was already an incentive in the piece-work system?—Yes.

6074. Which rendered the profit-sharing system not so important?—From that point of view.

Mr. *Tait.*

6075. Was it from the men that the advance came for the purpose of reducing hours or from the firm?—From ourselves—from my brother in fact.

6076. You pay the standard wage and you work four hours per week less than any other firm in a similar trade to yours in Coventry?—I think so, but the Trades Union number of hours is 55 and we work 50.

6077. Then that is five hours less?—Five hours less.

6078. That would be equal in the case of men having over 25*s.* per week to a tax upon you of from 2*s.* to 2*s.* 6*d.* per head?—I suppose I must not go into the matter of the results of shortened hours as time is short, but we have found that the reduction in hours has not lessened the production so far.

6079. That would be a reason then why you have not found the reduction of the hours hamper you in the open competitive market?—You see we only reduced the hours two months ago, and we do not feel any effects in that direction, and do not anticipate them.

6080. You have also said that you favour profit sharing as against municipalisation. How

* See question 5925.

Mr. *Tait*—continued.

would you define the profits of the municipality for workmen engaged under a municipality ?—I have not thought that out. I rather doubt the possibility, though of course the scheme adopted by the South Metropolitan Gas Company, could be applied I think to the gas undertaking of a corporation.

6081. But there are other *employés* of corporations besides them; you have not thought that out ?—I do not see how it would come in at all.

6082. Have you ever thought of taking your workpeople into your confidence—if I may put it in this way—into your board room, for the purpose of administering your business ?—No. Of course we invite suggestions, and the men see from the fact that many of them are carried out that those suggestions are valued.

6083. But you have not thought of taking them as partners as it were, or of taking in a representative man as a partner in the concern ?—Anything connected with the welfare of the people, or dealings with the people, we always talk over with the committee of the *employés* but not more than that.

6084. Do you consider the good understanding between you and your workpeople as being the result of that profit-sharing enterprise ?—We had a fairly good understanding to start with, but it has become accentuated under this system.

6085. Do you think it is better ?—Distinctlyso.

6086. Do you look forward as the result of such a scheme as yours to a complete industrial partnership ?—I scarcely grasp the question.

6087. In the course of time if a large number of employers were to act similarly to yourselves, do you think it would ultimately lead to complete industrial partnership ?—That is to say, to the adoption of profit-sharing by employers generally ?

6088. Yes ?—I distinguish personally between profit-sharing and industrial partnership. Our own case is profit-sharing, and Mr. George Thomson's case is an industrial partnership.

6089. That is a Huddersfield manufacturer ?—A Huddersfield woollen firm. I am hoping that the system will be extended.

6090. Do you think that for the purpose of cementing the interests of employers and workmen a complete industrial partnership as against a profit sharing scheme, similar to yours, is best, or which do you think is the best ?—I think for the time being profit-sharing is as far as we can go. I hope myself that there is something beyond in the future.

Professor *Marshall.*

6091. The provident bonus is invested in the general capital of the firm, is it not ?—Yes.

6092. Have you thought of insuring that with a mortgage insurance society ?—No; we have given a sort of mortgage, the terms of which I have handed in (*see Appendix* XCIX.)

6093. Yes, I understand that; but all that stands or falls with the prosperity of the society; you have only made it a first charge on the company itself ?—It is a first charge on the actual property—the works—the building which of course is considerably more valuable than the amount which we owe to the provident funds.

6094. Would that first charge hold against all other debts without notice having been given of it ?—It is a charge on the actual buildings, and the trustees hold the deeds of those buildings. Perhaps I may have given a little wrong impression; it is not a charge on the whole assets of the firm; it is on our actual works—the premises.

6095. And you have had legal advice that that is a perfectly sure security ?—Yes.

Mr. *Courtney.*

6096. You executed a deed in reference to this charge, I suppose ?—Yes.

6097. Mortgaging your buildings in fact as a security for the provident fund ?—That is it.

6098. You yourselves have complete control over that provident fund ?—Yes; but I imagine that each holder of a part of that provident fund has a legal claim against us for the amount of his provident fund.

6099. But you have invested it in your business as a matter of fact ?—Yes.

6100. Could the investment have been in any way controlled by any workmen interested in the fund ?—The trustees know all about the investment. One of them is an *employé*, and he would presumably speak if he thought it unsatisfactory.

6101. Who are the other trustees ?—The other trustee is the manager of our bank in Coventry.

6102. Do you suppose that those two trustees could call upon you to pay up the sum at any time ?—No, it could only be called up in case we discontinued the profit sharing system, or of course we have to pay it out as it becomes due to the respective owners.

6103. In fact the trustees have no control over the investment ?—I imagine not.

6104. What is the mode of distribution contemplated in connexion with this fund; under what circumstances does it get distributed amongst the workmen ?—When a man has worked 25 years for the firm he has a claim to draw out all that belongs to him in the provident fund; say it is 100*l.* or 200*l*, we pay it to him in cash.

6105. And at the end of 25 years he can draw out the whole ?—Yes, the whole.

6106. In the case of sickness or any other casualty before that, has he any claim ?—No, but the rules give the option to the committee and the firm of paying out in such cases, which no doubt we should avail ourselves of.

6107. Has it been exercised in the case of sickness ?—I think not.

6108. You have had four years' experience ?—Yes.

6109. And there has only been one case in which it has been withdrawn, I think I understood ?—That is so.

* See Minutes of Evidence, Vol. i., Group C., p. 290.

Mr. *Courtney*—continued.

6110. What was the special characteristic of that case? Was it for some purpose of using the fund as a capital in pursuing a new mode of life?—Yes.

6111. And that would be recognised as a rightful claim under similar circumstances?—Yes.

6112. But a person who had left your employment in order to take up a position of better pay possibly elsewhere would not be able to withdraw his share until 25 years had elapsed from his first entering your employment?—No, he would not be able to do so, and the reason is of course obvious; otherwise it would give a premium to a person to leave; it would be a temptation to a man who was unthrifty.

6113. It would be an inducement to a man who wanted the money to leave on purpose to get the money?—Yes. In fact our rules first of all provided for that, but we altered them. We saw at once that it was a weak point.

6114. Did you find that people were leaving and claiming?—No; the fund was quite inconsiderable then, but we could see that it might have that effect.

6115. Obviously that would operate as a deterrent from leaving now; it would be inconvenient for a workman to have a fund in your hands which he could not claim the benefit of till 15 or 20 years had passed by?—I do not quite admit that point, because he is getting interest all the time upon it, and while it is in our hands, at 4 per cent. he is getting better interest, considering the security, than he could get elsewhere.

6116. The interest is not paid to him; it accumulates?—It accumulates.

6117. Still if a workman left your employ after being 5 years with you he would have to wait 20 years, wherever he went, before he got the money?—Yes, but if he were going to emigrate, for instance, we should no doubt vote him the money before he went.

6118. You might consider the case?—Yes.

6119. If he were going to another town in England, still more if he were going to another shop in Coventry, you would not vote him the money?—No.

6120. In fact that would tie him by the leg—it may be a good thing, but it would do so?—Seeing that he has a full right to it, it does not seem to me to do so.

6121. You do not think if you were in that position you would consider your leg was bound?—No, if I was satisfied that the firm who held my money held it safely.

6122. Do your business products vary much in selling price from time to time, or is there a steady trade for them?—The price has been a steadily diminishing one, but the trade is not liable to great fluctuations.

6123. Steadily diminishing, possibly because the cost of production is diminishing also?—Yes, and owing to the increasing keenness of competition.

Mr. *Courtney*—continued.

6124. But it is not a trade liable to great fluctuations?—No.

6125. Have you considered whether your scheme would be equally applicable to a trade, the products of which were liable to great fluctuations in the selling price?—I think the plan then would be to adopt the per-centage basis instead of the reserved limit basis, and give to the *employés* so much per cent. of the clear profits. Of course it may be that that would reveal to outsiders, in a bad year, that the firm was doing very badly, but that might be guarded against by having a top and a bottom limit—bonus not to be declared for more than a certain amount (the surplus to be held over)—and no bonus to be declared for less than a certain amount.

6126. Your work is piece-work, I understood?—Nearly half of it.

6127. Does that affect your interest in the question whether you work 55 hours or 50 hours per week?—The fact that we have many piece-workers?

6128. Yes?—No; the curious thing is that in the two weeks after we reduced the hours the production in one of the departments which is on piece-work went up higher than it had ever been before. It has not kept up to that limit I believe because we have not needed the work.

6129. You say half your work is time work; do you mean half the workers, or half the money earned is for time?—We have nearly half who are paid the fixed time wage.

6130. Does their receipt amount to half the weekly wages altogether?—I should think it would amount to a little more if anything because it includes the staff as well as time-wage earners.

Mr. *Livesey*.

6131. Your reserve limit was fixed arbitrarily by the firm without any consultation with the workers, I suppose?—Yes.

6132. Now, about this provident fund; does it not take the form of compulsory saving for the workpeople—the keeping of two-thirds?—Yes, I should think that is about it.

6133. And does it not convey this by keeping back this two-thirds, that the workers have no absolute right to the bonus even after it is earned. Have not they a right to the money year by year?—To the sum after it has passed to their provident fund, do you mean?

6134. Yes. Let us take the full amount at three weeks' wages?—Yes.

6135. The worker has a right only to receive the equivalent of one week?—That is so.

6136. And the other two weeks are retained?—Yes.

6137. Now was that arrangement made by the firm as an arbitrary arrangement in propounding the profit-sharing system?—Yes, and it was embodied in our offer to the workmen.

6138. Do you think that after you have admitted them to this limited partnership, and have told them that if they work more and the results are satisfactory, they shall have their share, it is fair to keep back two-thirds. Would

Mr. *Livesey*—continued.

not it be better to give them the whole or give them the option of taking the whole?—It is a question whether they are able to bear it. I think that in the present stage of the thriftiness of the working classes it is desirable in their own interests that the whole should not be paid out.

6139. Would you be surprised to hear that in our case the annual bonus is absolutely free at the end of the year, and nearly one-half of the men leave their money in at 4 per cent. voluntarily?—I am very pleased to hear it. But it is just the other half of your men that we want to inculcate thrift into.

6140. Will you inculcate thrift if you take away all the responsibility from them and say, "I will save your money for you, whether you will or not"?—I think the opinions by ballot show that our course for all that does inculcate thrift.

6141. Would not the other plan have a more highly educating and better effect upon the people in teaching them to save their own money?—I shall be very glad when they are ripe for that. I think there is a great deal in your argument.

6142. When will they be ripe if they do not have the opportunity?—Our rules are not like the laws of the Medes and Persians.

6143. I am very glad to hear that. Now it has often been said as an objection to profit-sharing that the workers cannot share the losses. Have you ever heard that objection urged?—Yes, with some frequency. But the answer to that is that they do lose in this respect, that they have presumably been putting extra value into their year's work, and if there is no profit or if there is a loss they get nothing for that extra value.

6144. That is a further argument for what I have been urging before—that they are entitled to the whole of the money if they put extra effort into the work. But going back to the sharing of losses, you say they share losses if they have put extra effort into their work under the stimulus of profit-sharing?—In some cases it has been arranged that there should be a reserve fund—so much out of the employer's share and so much out of the employees' share which shall go to a reserve fund which is held over from year to year to meet losses, and in our case that actually obtains with regard to bad debts.

6145. That seems very reasonable. Then supposing an arrangement of this sort were made, in case of the workers being entitled to the whole of their bonus year by year, have you made an arrangement that after they have received 5 or 6 per cent., or whatever it may be, a certain per-centage, if earned, should be carried forward as a reserve fund to meet losses on bad years; that would make them share losses as well as profits?—Yes.

6146. I have only one other point about this question of partnership. Your rule is that the employees or any of them will have neither the rights nor liabilities of partnership, nor are they any of them to intermeddle or be concerned in the management of the business or book-keeping or accounts of the firm. From what you said to Mr. Tait, I rather gather you are prepared to see an extension of the principle in that direction?—Yes, but I do not think the time is ripe for it at present.

6147. How will it become ripe if you do not make a beginning?—I think we have made a beginning in giving them an interest in the profits.

6148. You have made a beginning four years ago, and there you stand still. I do not say that they should have more than their fair share in the management, because capital has its share in the business, and that must be protected; but if the workers were allowed as of right fair share in the responsibilities of management, do not you think it would be a vast improvement on the system of profit-sharing now in vogue?—I cannot think that the times are ripe for it. I think that one's motto should be *Festina lente.*

6149. Cannot you begin?—I think a private industrial concern like ours is better managed if that management is exclusively in the hands of the firm, that is to say, I consider that the captain should have sole command of the ship.

6150. Take a limited liability company, there the management is in the hands of the directors, and the directors are elected by the shareholders; why should not the workers also have their representative on the board?—I think when you come to the case of a limited company the case is somewhat altered. I thought you were arguing from our own case only.

6151. It is the same in principle?—No; I should think in an undertaking like a gasworks it might be a very good thing.

6152. I am quite willing to accept that. The only question is how to do it; but do you not think that giving the workers responsibility, not merely the responsibility of taking care of their earnings, but also responsibility in the direction of sharing in the management of the work from which they derive their living, would be an educative operation that would be invaluable, and beat everything else in the direction we want to go?—I think so, if it is found to be wise and expedient, at a given time in a given factory.

6153. Then you agree that the principle is right, and the only question is the right practical application of it?—In a large concern, such as the companies you have referred to.

6154. I have sometimes thought it would be easier in a small one. Where you have 3,000 or 4,000 men, as we have, it would be rather a difficult matter to get them to select a representative fairly; but if you have only a hundred or two surely it would be easier?—I think the man would be looked upon rather jealously by the others.

6155. I dare say he would. There are practical difficulties, I admit, but the principle you agree with?—Yes.

6156. Do you agree with what I heard Mr. Albert Grey say the other day, that the workman has passed from the slave to the serf, and from the serf to the hireling, and he hoped to see him pass to the position of partner through the

Mr. *Livesey*—continued.

agency of profit-sharing. Is that the ultimate end of profit-sharing, do you think?—I would rather not commit myself either one way or the other.

6157. Is there a co-operative watch-making society in Coventry?—Yes; my friend Mr. Shufflebotham, who is manager, has given me one or two particulars respecting it.

6158. How is that managed?—By a committee, all of whom, except the president, are working watchmakers.

6159. They have shares in it?—I think so—nearly all of them, at any rate.

6160. Then this is the sort of thing that we are talking about. Do you know how the profits are divided?—After paying 5 per cent. on share capital and 3¾ per cent. on loan capital and 2½ per cent. to education fund, the profits are equally divided between labour and custom.

6161. Then is the profit paid in cash to the workmen?—It used to be so paid, but they have been capitalising the profits since 1887, manifestly to the benefit of the workmen and the society.

6162. That is a voluntary act on the part of the workmen, I suppose. They have been leaving their profits in to increase the capital?—No, it is compulsory. If a workman in that society wishes to draw his year's profit he cannot.

6163. But that has been arrived at by agreement with the workmen themselves, has it not?—It was arrived at by vote of the society, which includes a considerable number of people who are not workmen; I think that about half the members are workmen and half are investors.

6164. That has been determined on in order to make them all shareholders?—That would be the idea, but also to give an incentive to thrift. The manager is very strong on that point.

Mr. *Tom Mann.*

6165. I think you have said that the working hours in your establishment are five less per week

Mr. *Tom Mann*—continued.

than the general working hours in the same trade?—Yes.

6166. I think you have also stated that you got the same output practically under the 50 hours system as you did under the 55?—That has been our experience so far.

6167. Of course I understand that you are favourable to profit-sharing as one means whereby you hope to see the labour problem effectually solved?—Yes, as one means.

6168. Has it fallen to you to give any attention to the unemployed question?—No, not to any great extent. Of course our experience in the shortening of hours has a bearing on that problem. That is to say, in a trade such as ours, the reduction to the eight hours' day, basing one's argument on our experience, would not employ the unemployed. Of course there are certain trades, like tramways, in which it would tend to employ the unemployed.

6169. Have you formed any opinion as to what would be the probable effect of the reduction of working hours in the manufacturing trades generally?—My impression is that it will be similar to our own—that practically the same amount of work will be done.

6170. And therefore, from the point of view of absorbing the unemployed, it would not be very effective?—No.

6171. Have you anything you would care to add as to how the unemployed should be dealt with?—I think, considering the time of the day, I had better not put my ideas on that subject before the Commission; they are mere *obiter dicta.*

Mr. *Courtney.*

6172. Your point about the security of the provident fund is this, that although it is invested in your business it is secured by a mortgage of your trade premises, and is therefore independent of the vicissitudes of your business?—That is so.

The witness withdrew.

The Rev. WICKHAM TOZER called and examined.

Duke of *Devonshire.*

6173. You are from Ipswich, I believe?—Yes.

6174. You come here to give some evidence in regard to your Labour Bureau?—That is so.

6175. When was it started?—In 1885.

6176. And it has been in operation seven years?—That is so.

6177 By whom was it originated?—By myself.

6178. And managed?—And managed by myself entirely, with the assistance of Lord John Hervey, when I am away, and with the assistance, of course, of a paid clerk.

6179. In what capacity do you manage it—as secretary?—I manage it entirely out of good-

Duke of *Devonshire*—continued.

will. I am not paid in any way; I simply do it out of love to the working men, and a desire to do them good.

6180. Do you manage it solely by yourself with Lord John Hervey. You have no committee?—Oh, no; we have no committee. Lord John Hervey does not manage it at all except when I am away. I have to be away on different matters occasionally, and he is managing it now that I am away here.

6181. Have you any precedent to guide you?—I had not when I originated it all; there were no lines to go upon, no example to follow, and I had to devise my own method of working it. I knew what I wanted to do, I wanted to find

Duke of *Devonshire*—continued.

work for the men. I had been feeding them for years—for two consecutive years—prior to my originating it I was feeding 600 a week for six months, and I got completely dissatisfied and sick at heart of all kind of relief work, and being a member of the board of guardians, and having a double dose of it there, I thought I might devise some better means of serving the men.

6182. What numbers have you dealt with?—The lowest number in any one year is 250, and the highest, 531. The average number is from 300 to 400 that we have found employment for.

6183. And those numbers are in a population of about what?—Ipswich is just under 60,000, and we have no larger centre than that nearer than Norwich to draw upon.

6184. Do you deal with the population of Ipswich alone, or with the surrounding neighbourhood?—The population of Ipswich is about 60,000 nearly.

6185. Yes, but are your operations confined to Ipswich?—Oh, dear no; all over the country; even here in London. I find men work in the country from London, as well as send men from the country into London. I shift men from one place to another even here in London. Men and masters are sometimes living within half a mile of each other. The week before last I shifted one from the other. I found a man employment here in London by a master who was living within half a mile of him. The thing extends all over the country. I have sent men into Scotland, too.

6186. But you receive applications from all parts of the country?—I do.

6187. Perhaps you had better now state your method of working?—The method of working is this, that if a man applies to me for work he is given a form, and he has to fill up that form, a specimen of which I have here (*handing in same; see Appendix* CVI.), and if that is filled up satisfactorily, and the certificate at the foot of it is signed to my satisfaction, he is then entered on the register. Then our business with the man, supposing him to be satisfactory, is that if we have an order for a man of that kind on the book, we should send him at once to the master wanting him; if not, we send out forms (*handing in same; see Appendix* CVII.) to masters who are possible employers of such a man giving details and particulars of the man, and asking them whether they have room for a man of that description.

6188. You keep a register of those names, I suppose?—We keep a detailed register of all the names, with the men's ages, and everything belonging to them. That is the form that we send out to the masters, supposing we do not happen to have an order on the book (*handing in same; see Appendix* 108).

6189. Do you also receive applications from employers for men?—Yes, or otherwise we should not be able to do any business. Our object is not merely to get men, but of course to get masters to send us orders, and in order to do business, we in the first place advertise every day in the local papers, and then specially in the trade organs, if we happen to have a number that we cannot get off, and we use every means just in the same way as anyone having grocery or anything else to dispose of. I am simply a disposer of labour, and my object is to find a market for it. Waiting here yesterday I found a market for a dozen men here in London where there are so many unemployed. I was able to place six men in one of the largest firms and three in another, and I got a promise for three more. I like to do a stroke of business when I have a chance.

6190. You have not handed in with respect to masters an application similar to that which you have given, and which has to be filled up by the applicant for work. Have you a form for masters applying for labour?—No; we have not. We keep a register, of course, of the applications; the first one is the register of the men; the second is the order book, and then we keep indexes of all the names, and indexes of all the trades (*handing in same; see Appendix* CIX.).

6191. Which is the order book?—No. 2 is the order book.

6192. But is that a record of applications which you receive from masters?—That is so.

6193. Then this column "Man sent" is filled in when you have supplied him?—Yes, when we have sent the man. I also may say that whilst we advertise for men out of employment, and who want to get work, we also use means to get men when we do not happen to have them. It is necessary to do that in order to keep up our business, because we have found, especially within these last 18 months, that large firms who have again and again sent to us for a special kind of mechanics who have been very rare to get, such as turners, fitters, boilermakers, and rivetters, and that class of men. I have not been able to get them, and firms get tired of asking for men if you cannot supply them. So we do our best to get men if we do not happen to have them on the register.

6194. Have you found that the demand approaches the supply, or that the supply equals the demand?—At the present time?

6195. What has been your experience. Has the demand exceeded or fallen short of the supply?—It changes. In the present year our actual number of orders unfulfilled has been 138; that is to say, we have had orders for 138 men that could by no efforts be obtained.

6196. But on the other hand, it does not follow that you have been able to find employmen for all the applicants?—We have been able to find employment for all the available men—the men that are good for much. The scarcity has been very great amongst the agricultural population. The demand for agricultural labourers I never knew so great during the last seven years that the bureau has been in operation.

6197. The demand for labourers?—The demand for labourers from the earlier part of last year up to to within the last six months has

Duke of *Devonshire*—continued.

been most unprecedented. I counted as many as 10 advertisements for horsemen in one day in our local paper. Unfortunately that is not the case just now. We have more agricultural labourers on our books just now than we have had this twelvemonth.

6198. And the supply of agricultural labourers at present exceeds the demand, so far as you are concerned?—Yes, it does.

6199. Do you investigate the characters of those who apply?—Yes. You see at the foot of the form the certificate of character from the last employer has to be signed (*see Appendix* CVI.), and unless a man can give us a character from the last employer of not less than six months we do not undertake to put him on the register, and we do not undertake the responsibility of recommending him. But it does not follow that we should not give him a job. We have a men's room where the men are allowed to sit and read papers, and smoke and do as they please, and that is a place where they are always at hand for odd jobs, of which we have a considerable number. We have a telephone in the office connected with all the large firms in the town, and we are constantly receiving orders for men for a a day or a half day and so on, and consequently we get a lot of men off whom nobody would employ for six months, and a great many men who would never work if they had it to do for more than three or four days consecutively.

6200. Those are the men described as the odd men, are they?—That is so.

6201. Do you charge any fees?—None; neither to masters nor men. I should not object to them on principle, as far as I know, but being an independent man, and of independent spirit, I decline to have anything to do with money, so that no one should really be able to say that I am making something out of it. It is for personal reasons rather than on principle that I decline them. I often get fees sent, but I return them.

6202. The cost of the establishment is what?—About 100*l.* a year.

6203. And defrayed by yourself?—Not defrayed by myself, though I have often to find the money. Still I have plenty of friends.

6204. It is defrayed by subscriptions, is it?—That is so. I can always get the money if I choose to ask for it, but I do not always like to ask for it. I am too busy. I really have no time, and I sometimes have to find the money for three or four months together to carry it on.

6205. What do you consider to be the advantages of these institutions?—I feel that it would be an enormous advantage to the public generally if they were in every centre. To the public generally it would be a means of knowing the actual state of the labour market. We should be able to tell, with some approach to accuracy, how many are out of work, and who and what the men really are that are out of work. There are no means of getting that really. The Board of Trade covers only half the ground. Trades unions cover only a part of it. If all men were really trades unionists, which they ought to be, and if they were only organised as they ought to be, we should be able to get at it through the trades unions, but as only about one in five is a trades unionist, there are no means of getting at the actual state of the labour market. The consequence is that you get a great many statements that it is impossible to believe and extremely difficult to disprove. As to the statements that are being made about the unemployed, I think no one can believe all one hears, because they are so absolutely contradictory, and there are no means of disproving even the wildest statements that are made. Then, on the other hand, I think that if you can only manage by any process to place labour where it is wanted, surely it would be an enormous advantage to employers and employees and to the public generally, and that is what I believe may be accomplished. That is what I actually do accomplish in a great many instances on a small scale. It is a great advantage to the men, because the men very frequently obtain labour where they would not obtain it. They obtain it more quickly, and it saves them from being out of work, than which I know nothing more demoralising—forced idleness would demoralise an angel. The most pitiable object on earth is a man out of work who is willing to work.

6206. You consider since this bureau has been established that it has been of practical use to men in securing work—to men who would not have otherwise obtained it?—That is so, and in very many instances enabling men to get work a great deal quicker than they would otherwise do, and saving them many weeks of idleness. They may ultimately find work for themselves; but they come direct to me and they obtain it almost immediately, if there is a demand for the particular labour that they have to supply.

6207. Has it been in your opinion an advantage to the master?—The masters say so because they are very willing to send subscriptions. They do send subscriptions again and again to us. Sometimes they send fees, but those I return to them. If a man cares to send 1*l.* or 2*l.* or 5*l.* to the working expenses, of course I do not refuse that. Some of the largest firms in the kingdom have contributed in that way, out of appreciation for the services that the bureau has rendered them.

6208. How do you suggest that it should be extended?—My anxiety is to see one establishment in every centre of population where there are manufactories, and I should be exceedingly glad to see them so affiliated the one with the other that they may be made mutually helpful in this way, that where there is a surplus of one kind of labour there may be a demand for it in another and a totally different locality. That is the case with me very frequently. I have very little demand for indoor servants, butlers, coachmen, and that class of men, but there are districts in which there is a considerable demand for that class of men. On the other hand, I have a considerable demand for

Duke of *Devonshire*—continued.

all kinds of mechanics and skilled men and the better class of working-men, and there are districts in which there is a surplus of that kind of labour. If we were so affiliated that we could communicate one with the other, then we might relieve the congestion and distribute the the labour. That is one gain.

6209. Are you in communication with any similar institution?—I have been in communication with nearly all the leading towns of England.

6210. But with agents of a similar kind to your own?—Directly or indirectly I have been the means of more than a score being started, and some of them are doing exceedingly well. But others I have had no direct communication with.

6211. But is your institution in regular correspondence with similar institutions in other centres?—Hardly regular, but occasional correspondence; rather frequent with some of them.

6212. But when you speak of affiliation you mean that all the local associations are to be affiliated to some central association, do you not?—I mean that they should be really affiliated to to a Government labour department, and I am more than ever convinced that no Government will be able to exist in anything like peace or comfort with advantage to themselves or anybody else that does not give more attention to labour in future than it has done in the past. It is an enormous subject. We have departments for other things, and is there a greater thing than labour? Not many. I think that we want a permanent secretary, because there should be experience in the management of it. Without experience a man is sure to make a muddle of it, and experience cannot possibly be gained if the secretary is subjected to the exigencies of our changeable Governments. I think that it would be an immense advantage if they were all affiliated so and brought properly under Governmental control. The advantages to my mind would be these, that the officials would be able to stimulate local authorities in the establishment of them, and would be able to give them advice and counsel in the management of them when they were established, and help them in any difficulty that might arise, and it would be a source from which the Government would be able to derive reliable statistics as to the actual state of the labour market. At a crisis like this what a great advantage it would be to us all if it were possible for us really to get at the facts of the case.

6213. What would your scheme of operation be. Supposing one of your labour bureaus was established in every large centre and you had your Government department and you wanted employment at Ipswich for a certain number of men, would you send up their names to the Government department?—I should.

6214. And the Government department would do what?—Communicate with the other branches, or it might be done in this way: Supposing we were affiliated and had all the details of every branch and the name of the secretary and so on, we might save time by telegraphing to the different centres. Time is often a very important matter.

6215. Would not it become an enormous department if there was a department of the Government which undertook to find work for everyone who applied for it or to be the means of finding him work?—That is not my idea at all. My idea is not that they should take upon themselves the responsibility of finding work.

6216. But I understand that your idea is that the name of every person seeking work should be transmitted through a Government department?—Oh, no.

6217. What would you do with your list of applicants?—Find work for them locally.

6218. I mean under your proposed scheme; if your proposed scheme was established would you send your list of applicants for work to the Government department?—Not unless I could not find them work, certainly not; if I could find them work there immediately on the spot I should not do so.

6219. But of those whom you cannot provide work for you would send a list to the Government department?—In order that they may see whether there is a demand for them at any of the other branches.

6220. Exactly; so that the lists of the unemployed who cannot be locally provided with work are to be transmitted through the Government department?—Either that or as I say to the most direct bureau where that kind of employment may be most likely to be found. You see, your Grace, I do not undertake to find work for men absolutely; I do not bind myself to do it; I am a medium for doing it. I undertake to do my very best to find work, but I am not bound to do it.

6221. Yes, but what I am putting to you is whether under your plan the Government department would not be a similar medium for the whole country?—That is exactly what I want; I want them to do that; but I do not want the Government to be bound to find work.

6222. No, I do not say anything about bound. The Government would become the medium for obtaining work for everyone who wanted it throughout the country?—The Labour Department would, for those whom I could not find work for.

6223. Have you at all considered what would be the scale of such a department?—The size of it?

6224. The size of it?—I should begin with all the large centres. I should not think of establishing them in small localities; it is not at all necessary. Mine, for instance; as it takes in nearly the whole of the eastern counties, there would be no need of another nearer than Norwich, which is some 55 miles away. I have made no calculation as to the number of towns that might become centres.

6225. Nor as to the size of the Government department to which they are to be affiliated?—My idea of the size of the department would be this, that there should be a head of the Labour

Duke of *Devonshire*—continued.

Department limiting it to labour bureaus and that department should embrace all that Mr. Burnett does now so admirably, in so far as one pair of hands can do an enormous amount of work. It is a gigantic business, and to appoint one man to do it is just simply to display utter want of appreciation of the magnitude and importance of the thing altogether. My idea would be that there should be a head that might be changeable with the Government, and that there should be a permanent secretary, like Mr. Burnett.

6226. My question was whether you had formed any estimate of the staff that would be required to conduct such a business?—I should suppose a head, a secretary, and two assistant clerks. It is a mere pious opinion; of course to what it might grow I do not know.

6227. How do you suggest the expenses of these local institutions should be defrayed. You cannot expect that everywhere they would be voluntarily defrayed?—I think they should not be; the sooner they cease to be charitable or in any way voluntary the better. The reason why so many have failed has been because they have been associated with some religious or philanthropic institution. It is an economic question, or an industrial one, if you like, and it ought not to be associated in any shape or form with charity. The best men will not put up with that sort of thing.

6228. How do you suggest the cost should be defrayed?—By the rates, and I think it should be under the management of the town council or any local authority that may exist, and I think so for this reason: Working men will not put confidence in institutions that are governed by capitalists or by employers. Employers will not put confidence in bureaus that are managed exclusively by trades unions, and they ought to be removed entirely out of the area of both and placed on a public basis, so that if the expenses were defrayed by the rates everybody would have a right to its advantages, and I hope that everybody would have confidence in their management, because everybody would have a voice in their management through the medium of the town councillors.

6229. Can you estimate at all what such an institution as yours would cost if it were supported by the rates?—Not more than mine, because I am not paid anything, you see; and really one man can manage it.

6230. You say here it has cost 100*l.* a year?—That is so.

6231. That is allowing nothing for your own services?—Yes.

6232. And you have dealt, on an average, with 300 to 400 cases in the year?—On an average from 300 to 400.

6233. Are the numbers you have given the numbers which you have successfully dealt with?—Yes; not the applicants.

6234. That means a considerably larger number of cases than passed through your hands?—Yes.

Mr. *Mundella.*

6235. It is not the number of applicants?—Oh, no; I can give you one of our reports stating that the number of applicants is 891; permanent situations obtained, 388; temporary, 143; making a total of 531 for whom work has been found.

Duke of *Devonshire.*

6236. Out of 891?—891.

6237. That was your maximum, was it not?—Not this year.

6238. It is your largest year?—Yes, that is for one year.

Mr. *Mundella*

6239. Can you give any proportions as to what were men, women, and children of those applicants?—We do not deal with children or women.

6240. Exclusively men?—All men. My time is so mixed up with working institutions of one sort or another that it does not admit of my undertaking dealing with ladies. The women I could deal with probably, and should exceedingly like to do it. It ought to be done, and I think that the women ought to have access to a public bureau quite as much as the men.

Duke of *Devonshire.*

6241. Do you keep any record of the class of labourers who apply for employment? Do you classify them?—They are all classified under that document (*see Appendix* CIX.). You will see, if you look there, that they are classified. Then we have an *index rerum* containing references such that if you want James Clark, say, I could find him in a moment by turning to the letter "C." He has his number on the register, and I should turn to the page in a moment and find him.

6242. Yes, but I mean this: I see the register gives the name, address, and occupation, but do you keep any annual record made up of the number of men of different occupations who have applied for work?—Yes, we do. It would be too long to give it here.

6243. But what are the principal classes of labourers who apply?—I will give you the largest numbers; coachmen and carmen, 36; errand boys, 36; gardeners, 34; labourers, 429.

Mr. *Mundella.*

6244. Agricultural labourers?—All sorts. Porters and warehousemen are 54. Those are the larger number, and engine-drivers, 6.

Duke of *Devonshire.*

6245. What are included under "labourers"?—All kinds of unskilled labour.

6246. Including agricultural labourers?—Yes, including agricultural labourers 429 applied in that year, I see, and 403 we found work for.

Mr. *Austin.*

6247. You can give no idea of the number of agricultural labourers, can you?—No. We do not take out the common labourers. We do not classify the labourers. We classify them as distinct from the trades or occupations.

Duke of *Devonshire.*

6248. Is there anything you wish to add before I ask the other members of the Commission to examine you?—I do not know whether you wish to hear anything further about the agricultural labourers. I am quite prepared to go into that. If you will adhere to this labour bureau business I am content.

6249. I have asked all the questions occurring to me, and I only want to know if there is anything you still desire to add to the evidence you have given?—Not in reference to the labour bureau.

Mr. *Dale.*

6250. The local labour bureau would have its influence very much limited if it confined its operations to its own locality; that is to say, if it sought employment for the applicants solely within the locality?—Yes.

6251. To render it effective it must have relationships with other local bureaus?—Quite so.

6252. So that the area in which employment is sought for, applicants would not be limited merely to the bureau at which a man applied, but would extend through that bureau to other parts of the country?—Quite so; that is what I wish.

6253. Therefore, there should be a medium of correspondence between the various labour bureaus that you desire to see established in all the important centres of industry?—That is what I wish.

6254. Am I right in supposing that what you feel would be a necessary development of that system is a central bureau or labour exchange?—Yes.

6255. Which would register the needs of all its corresponding local bureaus as regards persons needing employment or persons needing assistance?—No, not the details.

6256. No, I did not say the details. But would it be one of the functions or the chief function of the central labour bureau to obtain from the local bureaus returns periodically?—Yes.

6257. That is when employment was needed in particular trades?—Quite so, that is the idea.

6258. Therefore, although you have a preference for a Government department undertaking that work, it would not be a necessary part of its usefulness that it should be a Government department. As long as it is efficiently established and managed it would answer its purpose?—Quite so, only that I think it is a proper function of the Government; that is all. That is the opinion I hold.

Mr. *Livesey.*

6259. Just one question. Do you find that it has an effect in this direction: when a man comes and puts his name down in the book does it thereby cause him to exert himself less to get work independently of the bureau?—I have never found it so. That idea, I believe, was stated yesterday. A more erroneous opinion could hardly be imagined. That it could demoralise the men is to me unimaginable. It is no new idea. We are all very familiar with registers for female servants, and they are not demoralised or anyone having to do with them. All schoolmasters are registered. The idea is not new.

6260. I merely want to ask the fact whether you had found that when a man had put his name down he ceased to make independent effort?—Not that, oh, dear no; because a good many of the men do in fact obtain work for themselves before I do for them, and when we send to them we find they have found work.

Mr. *Tait.*

6261. As to the applications men have to make to you before they get put on your register; do you make it a condition that they should get a certificate of character from their last employer?—That is so.

6262. Why do you do that?—Because I take the responsibility of recommending them. It saves the master's time, and saves a deal of trouble all round. You will see at the end of the form (*see Appendix* CVI.) that we have investigated the man's character, and we undertake the responsibility of recommending him. Now, if I had not a certificate of character I could not undertake the responsibility of recommending him.

6263. Are you aware that no employee can force from his employer in this country a certificate of character?—I never heard of any difficulty about that; that is theoretic.

6264. Are you aware of the law?—Yes.

6265. That cannot be theoretic?—Oh, no. I mean practically in working, no masters ordinarily refuse to give one. I have never had an instance of it.

6266. Not one instance where a character has been refused?—No, not where there has been a character to give.

6267. What is to become of those people who do not get characters? You have suggested that we should have a State bureau, which I myself believe in, and do you want it conducted under the same condition and under the same system as that under which you are conducting the one now in Ipswich?—I do not think that all wisdom lies with me. I think I have a good deal to learn, and I quite think that if anyone were to take it up they would probably be able to discover better methods than I have adopted.

6268. But do you think your system would be operative by the State?—Speaking generally, I think it would. I have every faith in it. I am enthusiastic.

6269. Presuming the State were to adopt the same method as you have adopted at Ipswich, what would become of the men and women in

Mr. *Tait*—continued.

this country, the hundreds and thousands of them, who have no characters?—Well, men who have no character, speaking generally, I hand over to the parsons. I am simply a business man; I do not deal in rotten goods.

6270. But they have to live, and do the parsons keep them?—I say that as manager of the Bureau. As a parson, well I may say that I have distributed amongst such people 300*l.* or more since Christmas. I have done that not in connexion with the Labour Bureau. In connexion with the Labour Bureau I am a man of business, and I deal only with the best goods I can get hold of.

6271. I notice another thing in your application; you ask a man to state about the average wages which he receives previous to making application?—Yes.

6272. Why do you ask that?—As a guide to go by because you see in many instances the masters state the wages on their orders, and we never have anything to do with wages in any shape or form. I utterly refuse to have anything to do with that particular matter, but it is a guide to us, because if a man should write to me and say I want a man at 1*l.* a week, if that man had been in the habit of receiving 30*s.* per week it would be no use to answer that application to Thomas Robinson for instance. The master does not see the men's forms, and we do not allow the master to see them.

6273. The employer never sees this?—No, that is simply a guide to us.

6274. It is simply a guide to you?—Yes.

6275. Now in the supply of labour to those who may apply to your Bureau what position do you take up if there is a dispute from a strike going on?—If there is a strike I never send labour to it. I have done so unfortunately in two instances, but then I was ignorant of the fact that the strike was on.

6276. You did it unknowingly?—Yes, I cannot always tell. For instance, I sent six men up here to London. I had not the remotest idea that there was a strike on. When the men got there they got very seriously abused. But then I had no idea that there was a strike on. I get plenty of orders from London for half-a-dozen men at a time. It is a matter of every day occurrence, but whenever I find a man asking for any considerable number of men of the same class I am suspicious, and then I immediately say: "Honourably, is there a strike "on in your firm? If there is please understand that I cannot supply any men till the "strike is over, and then I shall be very glad "to deal with you."

6277. Have you any idea how the bureaus of France and America are conducted?—I have an idea, but I could not go into particulars.

6278. Can you give us an opinion as to which is the best?—There are a great many things connected with the labour bureaus in France that would never be adopted in England. Our men would not submit to a great many things which the Frenchmen would submit to, but there is a great deal to be learnt from it nevertheless. Anyone who may have to advise the Government to take steps in relation to this matter would do well to study that system thoroughly.

6279. That is the reason why I put the question to you. You having had the superintendence of one bureau for eight years I thought you would be well able to give an opinion as to whether the American or the French method is best in its conduct?—The Americans have no system similar to ours, but the French have.

6280. You are not prepared to make a recommendation to the Commission as to which they should adopt as the best means of carrying out this bureau?—I should not hesitate for a single moment on that question. With the knowledge I have of both I should say that some modification may be borrowed from both. The system that I have initiated would be infinitely better adapted to English life and English mode of thought.

6281. I do not know whether you in answer to the Chairman said you would have local bureaus kept up by local taxation or by imperial taxation?—By local rates.

6282. Do you not think you would lose an amount of imperial control if you are going to have one State Department?—All the poor are supported by local rates, and here the Government interfere with us. We cannot hire a nurse unless we ask the Government.

6283. But many people are not satisfied with the poor law; we want to make the law perfectly satisfactory if possible?—Quite so.

6284. You are still prepared to say that it should be taken from local rates?—Undoubtedly, because they would have a great deal more interest in them than anybody else.

Mr *Trow.*

6285. You said yesterday that you found employment for some men in London; were they labourers?—Well, it all depends what you call a labourer. You would not call a carter a labourer. We do not, and yet they are. They are unskilled really. Three of them were carters, and six were warehousemen.

6286. In spite of these large processions of unemployed, and the difficulty of men getting work you succeeded in finding work here?—Yes, I have got a promise of three more which makes 12. I did that in about five hours in and around London yesterday. I had to be up in London, and I like to do a little business.

Professor *Marshall.*

6287. You were in the room, I think, yesterday when Mr. Loch was giving his evidence?—I was not. I read it in the paper this morning.

6288. And you are acquainted with the work of the Chelsea Bureau?—Yes; it was through me they obtained their guidance, and all the forms that they presented here were obtained first of all from me.

Professor *Marshall*—continued.

6289. Are you aware that one of the criticisms brought against that bureau is that the greater part of its work has been in connexion with domestic servants, and that they could if they chose apply to the registry offices?—I am glad to hear of it. I was not aware of it. I have every reason to wish that domestic servants may be brought into the system of labour bureaus.

6290. You said that you at Ipswich had scarcely any demand for servants, but you could send servants elsewhere, and you could offer a demand for the labour of mechanics and so on?—You misunderstood me. I certainly did not say that there was no demand for servants at Ipswich.

6291. No, no! Not no demand for servants, but did you not say that you had more servants than you could easily find occupation for? But that on the other hand you could easily find occupation for mechanics?—Yes, that is so; gentlemen's servants I meant, household servants such as butlers and men of that kind.

6292. May it not be true that if Chelsea wants servants, and you can supply them, and you in Ipswich are in communication with them, a great deal of good work may be done, even though Chelsea's work is chiefly for servants. I mean is it a valid charge against the efficiency of the Chelsea Bureau that the people for whom the Chelsea Bureau finds employment are chiefly of that kind for which there is an exceptionally large demand in Chelsea?—I daresay that is so, but I have really no knowledge of the work of the bureau beyond the figures that they have given me. I have been in communication with them. I was surprised, if you will excuse me, to find whilst you are talking about Chelsea that they paid the working expenses out of the vestry rate. Now I am advised by the Local Government Board that that is not legal.

6293. Well, that is another issue. Possibly that may need a separate Act. My point is, is it not really the right and proper thing that in a place like Chelsea in which there is a very large demand for domestic servants the work of the bureau should be, to a very large extent, with domestic servants?—Yes, for any kind of labour that is available in the locality where the bureau exists, assuredly that should be so when the expenses are paid out of the rates.

6294. Is not your view that by the systematic organisation of the reports from local bureaus to a central bureau, a place like Chelsea that has a constantly large demand for servants may get people from places like Ipswich that have a constantly large supply?—Of course that is exactly what I want—the interchange, the change over. They too, on the other hand, may have mechanics in superabundance, and I may be able to take some of them even now, or tell them where they can get work.

6295. I suppose that the amount of printing that would be required for your reports received from the local bureaus and revised and circulated by the central bureau would not be very great, would it?—I should say not.

6296. It would not be very much greater than that involved in the meteorological reports which would be rather of the same class, would it not?—I should think so; it is difficult to estimate.

6297. You would send out a list saying that you had so many butlers and mechanics, so many housemaids and carpenters out of employment, would you not?—I should say so. It would be on a printed list, and it should be done periodically.

6298. And then I should suppose the central bureau would have printed forms with occupations down one side and places down on another side, figure space representing the number of people of a certain occupation in a certain place who wanted employment?—Yes.

6299. So that a sheet of moderate size would do for the whole country?—That is so. That would be the system I should think they would go on.

6300. And the consequent expense would not be very great?—I should think comparatively very little. One does not like to hazard an opinion upon the matter, but it really would not be worth considering as compared with the advantages to be derived from it.

Mr. *Courtney.*

6301. How many local centres do you want established?—I have not made any calculations.

6302. Would 100 be too many?—I should think not.

6303. If you had one in every administrative county, would that be too many?—Well, if you were to limit them. I do not think that the number of population should be always a guide, because in many places you see there are manufactories in comparatively small populations; there are more manufactories in some populations of 50,000 people than there are in others with 100,000 of population. If you understand what I mean it would be difficult to say that the population should be the guide.

6304. I do not suggest the population should be. I asked you whether it would be too many to have one for every administrative county?—I do not think that the county is just the area.

6305. You know what an administrative county is?—You make the county the centre of administration. I should say that the best thing would be to take large boroughs, and boroughs are not under the administration of counties.

6306. Is not Ipswich an administrative county of itself?—Yes, it is.

6307. Would it be too many to have one for Ipswich or two for Suffolk?—There are two administrative counties of Suffolk. One for each of the chief manufacturing towns.

6308. That is what I meant; one for each administrative county; would that be too many?—Yes, I think you have got two or three administrative districts in Suffolk, and Ipswich covers the whole of Suffolk; consequently one

Mr. *Courtney*—continued.

is quite sufficient for the whole county of Suffolk.

6309. You think that the Town Council and the inhabitants of Ipswich would be ready to bear the expense for the whole of the county?—Yes, I believe they would.

6310. In other places, would one be enough for Manchester, for instance?—I should say not, Manchester is an enormous place.

6311. And in London. Would the County Council of London be the bureau?—No, a dozen in London.

6312. Would 100 be too many?—Do you mean altogether?

6313. Altogether for Great Britain?—Not if you take Great Britain.

6314. Would 100 not be too many for London?—I think it would.

6315. How many would a centre send up on an average to the Clearing House in London in a week?—That is rather difficult to say. If I go back on my own experience, I need not trouble you, for I can find work for all the men that I can get, and more, as I stated just now.

6316. But you get them from London sometimes?—Yes, from London, and to London.

6317. You do not always find work, and when you do find work you find it outside your own area, very frequently?—Oh, dear, yes.

6318. If you had those organisations of bureaus up and down the country, how many applications would be forwarded from the local centres on an average to the Clearing House in London?—Well, that is a very difficult thing to state. I can only fall back upon experience.

6319. Do you think that that sheet of paper that Professor Marshall exhibited would cover it?—My experience is that so far as I am personally concerned I should not want to trouble them except with the most difficult of all classes, men who say that they can do everything and anything, but who really can do nothing that anybody wants done. I could supply any number of that class, but the really good men I can find work for, and I should not need to trouble the Government or anybody else.

6320. You would pass them on cheerfully?—Yes, any number of them.

Mr. *Mundella*.

6321. Is that a large class?—Well, not with us.

6322. You can supply any number of them. Do you say that you have a great many more than you know what to do with?—Well, like the poor, we always have them with us.

6323. A class, you say, who consider that they are able to do everything, and who are practically able to do nothing useful that is required. What do you mean; are they the educated class—the clerk class?—They are not all bad characters by any means; it is a mistake to suppose they are. They are the victims of early marriages, unnatural marriages, bad up-bringing, mentally and physically disqualified for anything, and they owe it rather to others than themselves that they are the incompetent creatures which they are.

Mr. *Mundella*—continued.

6324. Mentally and physically defective, you mean to say?—That is so—many of them. I mean those who are not bad characters. There are a great many of them, I am sorry to say, that are semi-idiots; they have not brain enough to learn to do anything, and they have not physical strength for hard work that does not require any brain.

6325. They have been taught to do nothing in their youth?—You must go further back than that—they never had any brain to train.

6326. I do not think that?—But it is so. What can you expect when women are having children every year of their lives, where they are half starved poor creatures. They have not strength enough to give vitality to their children, and when they are born they are born idiots, mentally and physically disqualified for work, and the root of the matter here has never been touched here. I read the evidence every day, and until you go to the root of the matter you will always want a General Booth as long as England continues as it is now. As soon as you are done with one generation, another generation will be ready for General Booth.

6327. There will always be a dependent class, and a practically useless class then, you think?—That is so, and there will always be plenty of inmates for asylums, hospitals, and infirmaries, and all the rest of it.

6328. You dealt, I think, with between 400 and 500 labourers during the past year, according to the statement which you made to us?—That was the year before.

6329. Well, then, the year 1890?—Yes.

6330. Between 400 and 500 labourers you said. I want you, if you can, to define to us the class of labourers they were derived from mainly; did they come from the agricultural class, or were they merely the men employed at the wharf side carrying burdens, or what were they?—They were mainly men of more than the commonly strong class, and they were required for the Ship Canal at Manchester. I sent a great many there. I believe I sent the very first batch of men that went there.

6331. They were men who could do excavating work?—A good many of them—not all.

6332. They were men physically strong, but not skilled?—They were not skilled.

6333. And you found work for, I believe, 400 or 500 of those?—Between 400 and 500.

Mr. *Bolton*.

6334. Not of that class?—No; but there are a great many of them.

Mr. *Mundella*.

6335. The number of labourers was 400 odd?—403 we found employment for out of 429.

Mr. *Bolton.*

6336. Of the labourer class?—Yes, we found work for them all.

Mr. *Mundella.*

6337. Of that class?—Yes, except 26, we found work for them.

6338. You include in that case carters, you say?—No, I think not.

6339. Are they a separate class?—We do not call carters "common labourers." They earn better wages, as much as 25*s.* per week.

6340. Where do you generally dispose of your carters; do you send them to London?—Not all of them, though we do send them up here, on an average, one a week; but we find work for them in Ipswich; I did so last week.

6341. Now to come to the practical working of your department; are you of opinion that voluntary effort is of less value than State administration in this case?—Do you mean voluntary?

6342. Yes; do you not think a voluntary association like your own in all the large centres, perhaps on a larger scale—I mean to say with a committee who would assist, perhaps, with paid assistants, for we cannot always get a clergyman at thehead of an association like yours. I am supposing a committee of your town with a paid assistant—is not that a better form of labour bureau, than anything that can be set up either by a town council or by a State department?—Well, if you want to smother a thing set a committee over it. I would not work under a committee for the world. You have got all your work cut out to keep them together, and there is very little time left to do the work itself. I believe in a one man despotism over a thing of this kind.

6343. Do you think a State department would do better than any other method?—It would. I merely want the State at the head of it. I believe in the local control.

6344. The State at the head of this labour bureau?—Yes.

6345. And the labour bureaus are to be spread throughout the kingdom in centres such as you have indicated?—Yes.

6346. The industrial centres are to be the chief manufacturing or industrial towns, and they are to be subsidised, that is to say, all the staff are to be paid by the town council out of the local rates; is that so?—Yes.

6347. And the central department of State is to establish a central bureau?—Yes.

6348. Which shall receive from all the extremities, so to speak, the cases that these local institutions are unable to deal with?—That is not exactly my idea; it is rather to circulate the thing.

6349. Yes, but you take a good deal of pains, as I understand, to find employment for your people?—I do.

6350. You have correspondents all over the country?—Yes.

Mr. *Mundella*—continued.

6351. And you by that means place a large proportion of your applicants in situations?—Yes.

6352. Then as to the balance, you would propose to send up a list to the central State department; is that your idea?—Yes, with the idea not that they should find work for the men, but that they should circulate information.

6353. I understand. But you would send a list of those that you could not find employment for to the central department?—Yes.

6354. And from the central department they would again distribute that list into the localities where they think such labour is likely to be in demand?—Yes; and on the other hand, if I wanted a dozen mechanics and had not got them, I should transmit the order at once.

6355. To the central department?—Certainly; circulate it so that I might be able to get the men I wanted.

6356. That is to say, to a labour exchange?—Quite so.

6357. A sort of clearing-house at the centre?—Yes, if you like to call it so.

Sir *Michael Hicks-Beach.*

6358. Who pays the expenses of the men you send up, say, from Ipswich to London?—Well, it all depends upon the class of man. In many cases—in the case of all kinds of indoor servants for instance—their fare is always paid, and their expenses.

6359. By whom?—By the employer.

6360. And if it were a higher class—a better paid class—the employee would sometimes pay, I suppose?—Yes.

6361. Do you ever advance the money?—Yes, but not to such as fitters and turners; they pay their own.

6362. Do you get repaid the money that you have advanced?—Yes, now; we did not use to get it. When I started first I used to pay the men's fares, and give them 2*s.* 6*d.* in their pockets; but I found that that did not work very well, and I have given that system up entirely. I do not give any doles, as I used to call them, and I used to pay their fares. I have paid as much as 300*l.* a year to the railway people for passages.

6363. You do not contemplate that the town council or that the State should do anything of that sort?—Oh, no.

6364. You do not contemplate that, do you?—No, I think they should pay their own fares. I pay my railway bill once a month, and the whole of the railway bill this year up to the present is about 6*l.*

Mr. *Mundella.*

6365. For the whole year?—Yes; that is to say, I hve got back all that I have advanced less 6*l.*

6366. But then as to these men you are sending up to London, who are out of work, where is the money to come from to bring them to London?—The system I adopt is this: I pay the fares of the men if they do not happen to be able to pay them themselves. I give them a pass on

Mr. *Mundella*—continued.

the railway and they charge me, sending the bill in once a month. Then I send on wherever the man goes; for instance, I have sent a lot of men to Gainsborough, to Marshall and Sons, a firm of splendid mechanics. Well, I advance their fares, and then it is deducted, 2*s.* 6*d.* a week, out of the men's wages until they have refunded it. The foreman of the shop to which the man goes sends it on to me, and in that way I get back nearly all that I advance.

Sir *Michael Hicks-Beach.*

6367. Is not that system almost an essential part of your labour bureau?—Not at all, because it is not done in one case out of four. I find the men like me all the better now that I do not do so much for them.

6368. But in one case out of four, unless their fares were advanced, the system would not work?—I do not let the men stick for that.

6369. Well, then the town council would have to make similar advances, if they took over your business?—I do not think that they would. I think they would find others instead of making a friend of me. That is the long and short of the matter.

Mr. *Austin.*

6370. What is the number of mechanics you found employment for last year?—I am sorry to say very few, for I had not them. I could not get them. An engine-driver you would call a mechanic?

Mr. *Mundella.*

6371. Mr. Austin means skilled artisans of any description?—Well, carpenters, 8; carmen, 6; gardeners, 34; painters, 6; wheelwrights, 3; bricklayers only 1. I should think there has not been such a demand for bricklayers and carpenters—certainly not within my memory, and I have had to do more or less with the working classes for 40 years—as there is now, and has been up to the present moment. There are a few painters out of work, but otherwise bricklayers and carpenters cannot be had for money.

Sir *Michael Hicks-Beach.*

6372. In those figures that you gave were not you successful in finding employment for a larger proportion of the labourers than of the more skilled men?—Yes, numerically the labourers are so much more frequently out of work.

Sir *Michael Hicks-Beach*—continued.

6373. But out of the total number of skilled labourers who applied to you for employment, did you find employment for as large a proportion as you did in the case of the ordinary labourers?—Oh, yes, quite.

6374. I did not think that the figures quite carried that out?—There are so few skilled labourers as compared with the others.

6375. You gave 891 as the total?—Yes.

6376. And how many of these were ordinary labourers?—429 applied, and 406 we found employment for.

6377. How many of the total 891 did you find employment for?—531.

6378. Then there was a very large excess for whom you could not find employment who were not ordinary labourers, the difference between 429 and 891?—Yes, that would be 360, or nearly so.

6379. Now as there were only 23 ordinary labourers for whom you could not find employment, what were the balance of 462?—Wheelwrights, thatchers, seamen, stockmen, steam-sawyers, a stationer, shoeing smiths, plasterers.

6380. Do not go through them all, because there were a great many occupations, but were they not all skilled labourers as compared with the other labourers?—You would not call those thatchers and seamen labourers.

6381. They are more skilled than the ordinary labourer?—It all depends. There are seamen and seamen.

6382. It depends upon your classification, really?—Yes.

Mr. *Bolton.*

6383. What is the occupation of the men whom you describe as practically useless out of these 891; you spoke of a large number of men who from one cause and another were inefficient?—Well, very few of them, because we do not put the inefficients on our register.

6384. Were the whole of those 891 all efficient men?—Oh, yes, more or less so. There would be some that would not be quite efficient.

6385. But as a rule they would be efficient?—Yes, or they would not go on the register. We keep a book.

6386. Then as to the 340 men for whom you did not get employment, were they all able men?—More or less so.

[Pamphlet on "My Labour Bureau and how it is conducted," by the Rev. Wickham Tozer, handed in. See Appendix CX.]

The witness withdrew.

(*Sir Michael Hicks-Beach here took the chair.*)

Mr. Edward Thomas Scammell called and examined.*

Sir *Michael Hicks-Beach.*

6387. You are the honorary secretary of the Exeter and District Chamber of Commerce?—I am.

6388. And I think you wish to give some evidence with regard to a suggested scheme of a National Labour Registry?—I do.

Sir *Michael Hicks-Beach*—continued.

6389. Will you make your statement?—If you will allow me to preface my examination by a general statement I would like to say that my attention was drawn to the subject of labour registries, as an employer of labour and a member of the Exeter Chamber of Commerce

* On January 19th, 1893, a pamphlet embodying this evidence and giving additional information was received from Mr. Scammell. For the latter, see Appendix CXVII.—G.D.

Sir *Michael Hicks-Beach*—continued.

first by a conviction of the necessity of some such agency in my own district, secondly by the fact that Chambers of Commerce, my own amongst them, were discussing the formation of boards of conciliation,—it appeared to me that these boards needed as their complement, labour registries or labour bureaus,—and thirdly by an article on the subject in the "Daily News" of 28th October 1891, a copy of which I have here (*see Appendix* CXI.). Following up this idea I formulated a scheme, a copy of which I sent to Mr. Drage, for the formation of a registry (1) which should be self-supporting, (2) which should not interfere with existing trade organisations or private registries, (3) which should not concern itself with the question of wages or (at the beginning) of character, (4) which should be worked as an aid to charitable societies though not itself a charity, (in order, for one thing, to deal with the tramp nuisance), and (5) which through the network of Commercial Associations (part of a further scheme I had under consideration) might issue in a voluntary, self-supporting, national system. The details of my proposal were not discussed by the Chambers of Commerce, whose attention, by circular, was drawn to the matter, nor were they submitted to the Associated Chambers of Commerce in their meetings in London last March, but, instead, a resolution framed by myself and my friend, Mr. Groser, the editor of the "Western Morning News," was placed upon the agenda paper of the Associated Chambers, and on the proposition of the president of the Exeter Chamber, Sir Stafford Northcote, was unanimously adopted. That resolution accepted the general principle that it was desirable that a national system of labour registry should be established, and it asked this Commission to take the subject in hand. Perhaps I may venture to say that the idea of bringing the matter then under the notice of this Commission was very largely the result of conversations I had had with Mr. Burnett. But although the subject was thus passed on to you for your consideration I had hoped that I should be able to get the Chambers of Commerce to look with favour upon my original scheme and to arrange, subject to the action of this Commission, to adopt it in some measure. Further investigation however has convinced me that the subject is too great and its issues too diverse for Chambers of Commerce adequately to deal with it. And, too, as such Chambers would represent employers rather than employed, the trades unions and probably the working class generally might hesitate before using such an organisation, even if they did not become actively hostile to it. The "further investigation" to which I refer included correspondence and interviews with a number of labour leaders, and others who were interested in and had some knowledge of labour questions. Among the latter I may particularly mention Mr. Nathaniel Louis Cohen, the founder of the Egham Registry, a gentleman who has given the greatest attention to this matter, the Reverend Wickham Tozer, of Ipswich, and the registrar of the Chelsea Registry. The result of these inquiries was a considerable modification of my original plan, as I will shortly demonstrate. In order to see what had been done by others who have had some practical experience of this work, I have consulted the authorities of the Young Men's Christian Association, the Polytechnic, and the Salvation Army, each of which has a labour registry in connexion with its ordinary work, and from these I have obtained some particulars which I thought might be of use in this inquiry (*handing in the same; see Appendices* CXIII., CXIV., CXV., *and* CXVI.). In the case of the Young Men's Christian Association from the 1st January to the 21st July 6,613 applicants were interviewed. Of these only 369 were placed upon the register, for 352 of whom situations were found.

Sir *Michael Hicks-Beach.*

6390. Let me interrupt you; what was the reason of that enormous difference between the number of applicants and the number placed on the register?—Because of the extremely close investigation which the Young Men's Christian Association authorities made into the character, and secondly into the capabilities of the applicants.

6390*a*. Then I suppose we must take it that the great majority of those applicants were persons either without characters or who were not fit for the situations that they wanted?—I presume so. As indicated by its name, this Society only deals with young men, and only puts upon its register those of the highest character and capabilities. For purposes of general registry, therefore, it cannot be regarded as a success, because out of 6,000 during the last six months only 352 have found situations.

Mr. *Mundella.*

6391. How many were on the register?—There were 6,613 applicants, and 369 of them were placed on the register, for 352 of whom situations were found. Still it supplies employers with a class of labour which is needed and which is thoroughly reliable. It is rendered self-supporting by a scale of fees. I have the particulars here if the Commissioners would like to see them, and the forms used (*see Appendices* CXV. *and* CXVI.). Then the Polytechnic Society has a reception bureau, dealing with young men and women coming from the country to the metropolis, for whom they endeavour to obtain situations.

6392. Is that the Regent Street Polytechnic?—Yes; I have received from them a statement to the following effect with regard to their labour registry: "The statistics of our labour bureau in no "sense represent the possibilities in this district, "for we have not a secretary who can devote the "whole of his time to the matter, nor have we "means to place any sum of money at the dis-"posal of the bureau in order to ensure its efficient "working, and therefore the utility of the bureau "naturally limits itself to an endeavour to find "those of our members who are out of work situ-"ations. Our applications deal with every class

Mr. *Mundella*—continued.

"of trade and profession, except domestic ser-
"vants, and we are now receiving applications at
"the rate of 60 or 70 a month. As to the pro-
"portion of cases in which we are able to find
"work, I think it is higher than that of some
"labour bureaus; I find that out of 170 applica-
"tions we have been able to find berths for 35.
"A charge of 1s. is made to the applicant when a
"situation is obtained." The Polytechnic has recently established what it calls "a clearing "house for the unemployed," the object of which is a philanthropic one for rendering aid, through the Charity Organisation Society or other known agencies, to necessitous and genuine cases (*see Appendix* CXIII.). The Salvation Army established a free labour exchange in November 1890. Its central office is in Queen Victoria Street at the headquarters of the Army, and it has 10 London branches. There are also branches in Bristol, Leeds, and Bradford. But although this is a free labour exchange, employers are expected, in obtaining men from this agency, to make some payment to the Army by way of remuneration. There is a female registry carried on under Mrs. Bramwell Booth, at 259, Mare Street, Hackney. The branch offices are open from 7 to 10 a.m. and from 6 to 8 p.m. On the front wall of these offices are posted up several daily papers and the list of vacant situations received from headquarters. At first the applicants were allowed to remain in the shelters or other rooms connected with the branch offices, but it was found that this encouraged loafing. So that after making their application the applicants have to leave the depôt. Some alterations have been made in their forms of inquiry since the opening of the registry. I have samples of these forms, which I beg to submit in case the Commission should like to look at some of them (*handing in the same; see Appendix* CXIV.). The number of applications for employment from the 1st December 1891 to 31st August 1892 were as follows:—6,557 males and 517 females. The number of employers applying during that period were 442 males and 279 females. The number of persons for whom situations were found were as follows:—Men, in the elevators or workshops connected with the Army (for those who are destitute and in immediate want), 1,648. Permanent situations (that is, where the engagement was not limited to any time), 582. Temporary situations (where the engagement was from one day to three months), 2,340. In the women's department: Permanent, 143; temporary, 59. From the 1st September this year to the 24th November, 1,757 applications for employment have been received, and of these 924 have been sent to the elevators, 64 have been found permanent, and 467 temporary situations. The average number of men sent to employment, as I understand, this week is 70 per day. Ten years ago, during the prevalence of great labour distress in Victoria, Australia, the Salvation Army, by arrangement with the Government, opened a free labour bureau in Melbourne. They did very good work at that time. I am instructed to say that the representatives or

Mr. *Mundella*—continued.

chief officers of these registries, the particulars of which I now submit, would be quite ready, should you require them to do so, to give evidence before the Commission. I have received communications from various parts of the country asking for advice on the formation of labour registries. But in view of all the facts I have gleaned and the opinions I have formed although fully admitting the good that may be done by such efforts, I have not seen my way to advise the creation of small and isolated societies. For the work done by the present registries, whether free or self-supporting, whether private, philanthropic, or trade registries, only demonstrates the need of a comprehensive and united system. My conviction also is that for such a system to be generally acceptable and workable it must first be free, entirely independent of philanthropic or charitable aid on the one hand, and not requiring the payment of fees on the other; secondly, that the registry so formed must be open to all, men and women, but that it must not be used for or against any prevalent labour dispute; and thirdly that it must not concern itself in the question of wages or of character; that whatever particulars it may be desirable for the applicant to furnish he or she should not be required to give credentials of character. Taking, then, these facts and principles as a general basis, I beg to submit the following scheme:—A National Labour Bureau, being an extension of the Labour Department of the Board of Trade in affiliation with the Emigrants' Information Department and the Factory Inspectors' Department (*handing in copy of scheme; see Appendix* CXII.). Perhaps I may be allowed to say that I do not at all agree with the statement of my friend Mr. Tozer as to the magnitude of this department. It would be incomparably greater than anything he seems to have in his mind. This labour bureau would be established first for obtaining and disseminating information on labour questions, and secondly, registering unemployed labour, dealing for this purpose, as a clearing house, with district registries. An official journal should be issued by this department periodically, containing current information on labour questions and general statistics of employment. Free Registries or Public Agencies of Employment should be established in every centre of population and industry throughout the kingdom by county and town councils. Pending the creation of district and parish councils, the rural post offices might be used for purposes of registration in connexion with and controlled by the local registry. This also is a very much greater thing than that which seems to be in the mind of my friend Mr. Tozer. These registries should deal with all inquiries touching employment in their own districts, but inquiries with which they cannot deal should be sent at once to the central bureau. Applicants to state wages to be given or required; the registry not to interfere, in any way, in the question of wages. Applicants for employment in every case to give their own credentials of character, if any; the employer

Mr. *Mundella*—continued.

to verify these, if necessary. The registry not to be responsible in any case. I lay great stress on that.

Sir *Michael Hicks-Beach.*

6393. This is a fundamental difference between you and Mr. Tozer?—Quite so, and I think that in a public and free registry you cannot deal with the question of character, and I could furnish some evidence on that point, if you wish. The other registries connected with trade organisations or private registries should be invited to co-operate by sending lists of applicants. In the event of any labour dispute prevailing in the district, no register to be entered either of employment or of *employés* required, or, if entered, a notification of the fact of such dispute should accompany the registration. On this point I have had a great deal of conversation and correspondence with labour leaders and others interested in the matter, and as the result of it I have framed that paragraph, but I must say that the general trend of opinion is in favour of the first part of the suggestion, namely, that no register be entered either of employment or of *employés* required in the event of any labour dispute in the district. The fullest information on all questions concerning the labour market to be sent periodically by the local registries to the central bureau and Chambers of Commerce, trades unions, and all associations of employers or employed should be invited to send particulars of trade and commerce, directly or indirectly affecting the question of employment, to the local registries or to the central bureau. In submitting this statement, and in conclusion, I may add that there is a widespread desire in the direction indicated by this proposal throughout the country; and in America and on the continent of Europe there is a movement of a similar character to which it is necessary that we should give heed. My friend, Dr. Gould, of Baltimore, who, I am glad to know, is likely to give evidence here, says that this question is receiving considerable attention in America. His department is fulfilling a very useful purpose in obtaining and disseminating information on labour questions, while some of the separate States of the Union have their labour registries which in the course of time are likely to be united in a national system. In France, a permanent commission or consultative chamber calling itself "the Supreme Council of Labour," has been appointed having four sections, 1st, on statistics of labour; 2nd, on registration and employment agencies; 3rd, on arbitration; and 4th, on methods of payment of wages and laws affecting labour. In Germany, a commission has been appointed with the view of formulating a plan for creating an Imperial Bureau of Statistics on labour questions. I beg, therefore, respectfully to submit that as soon as possible the work I have indicated should be undertaken here by the creation, 1st, of a State-supported central bureau, and, 2nd, by the establishment of municipal

Sir *Michael Hicks-Beach*—continued.

registries in all the centres of population and industry throughout the kingdom.

6394. Do you propose that neither employer nor employed should pay anything?—Neither employer nor employed; it should be perfectly free.

6395. The cost of a central bureau should be paid, I suppose, from the general taxation of the country and the cost of the local registries from the rates?—From the rates, and each county council and town council should have its own registry whether large or small, and should support it itself. I do not think that Ipswich would for a moment undertake to do all the registration for the county and the Ipswich ratepayers pay all the expense.

6396. You have said that you contemplate a very large expense in this matter. Do you think it would be fair to put all the expense upon the taxpayers and ratepayers?—I think so. I think it would be such a large advantage to the community that the rates and taxes should support it.

Professor *Marshall.*

6397. Are you sure that there is this great difference between you and Mr. Tozer in the matter of expense? Do you not think that he was talking of a very different thing from that which you were talking of when he suggested that the expense would be small?—I think that his scheme is so much smaller than mine.

6398. He limits it to a small central bureau?—Quite so.

6398*a*. You may be right in the contemplation of a scheme quite as large as that you have been discussing, but he was speaking on one particular thing to be done—the circulation of a weekly report of the number of people out of employment—is there any reason for thinking that would be expensive?—It would be a very much larger thing than Mr. Tozer seems to indicate.

6399. You would not propose that the details of any particular individual should be sent from Ipswich to London, and then printed and sent to every other part of the country?—Not at all.

6400. You would only propose that numbers should be given indicating the number of people who wanted employment in Ipswich, and that that should be sent all over the country?—Certainly.

6401. Is there any reason to doubt that four pages of ordinary foolscap would contain all those facts for 150 centres?—There would be a much larger number of centres than that. I could not say how many foolscap pages would be required for this kind of thing.

6402. You would propose very much more than 150 in number?—I should like every county council and town council to have its own registry. In small places it might be open perhaps only an hour in the evening, and in large towns there would have to be two or three registries.

Professor *Marshall*—continued.

6403. So far as the local districts went, it might be sufficient, might it not, that the reports should go in the first instance from the various towns in the county to the central bureau of that county?—Yes, that might be arranged.

6404. And the reports spread all over the country, which is the only thing we were talking of, need not have more than 150 rows of square holes?—Probably not.

6405. And would not four pages of foolscap be sufficient?—It may be that if the county council worked it it would take all the small towns and village districts of the county in its own central local district registry. It might not be more than 150 or 200 of them.

6406. But all that the central London bureau need do would be to accept information as to the people out of employment in any particular trade in any particular week from about 150 centres?—Yes, and I should say that that central bureau would be a sort of clearing house or telephone exchange for joining districts together that would be likely to require each other's services.

6407. Possibly you might dispense with printing altogether, and do it all with the telephone?—Perhaps so.

Mr. *Mundella.*

6408. When you were asked whether you would register all the people out of employment in any particular trade, I want to know how you would take domestic servants from every centre of Great Britain and register them in one centre. Of what value would that be?—I would deal with domestic servants, and treat them as I should men applying for situations, and endeavour to get them situations in the district. If you send information to London, saying that from your district you have so many domestic servants you want to find situations for, you would then be switched on to another district where domestic servants were wanted.

6409. But if 150 centres all reported that so many domestic servants required employment the central bureau, as you term it, would have to send out a statement of the number of domestic servants requiring employment to every centre, would it not, and give the 150 places where these servants reside?—Oh, yes. There would be a journal containing such information as that. Of course it would be larger or smaller according to the number of returns that you had to send, and according to the sub-divisions of the classes.

6410. Say in Devon there are 50 different domestic servants wanting employment, and then you go on and say at Torquay and Plymouth there are so many, and so on, and you will get the whole list centred at the central department?—Well, I should say that the county council might be the centre, and it would send up from its central office the particulars to the central bureau.

Mr. *Mundella*—continued.

6411. The county council then, of Devon, for instance, would be the centre for the whole of Devonshire?—For the whole of Devonshire; and efforts would be made to deal with all these questions of course within that district. Then, each week a report should be sent up from the central office of the district to the central bureau.

6412. That would come from every other county council?—Yes, from every other county council.

6413. And every other bureau which in itself was a county council?—Certainly.

6414. And as the result you would have a list of how many—150 at least of centres reporting that there was a certain number of domestic servants in that district asking for employment?—Yes.

6415. Then, under the head of domestic servants, you say 150 towns there would be to enumerate?—Yes.

6416. Would you have to find the same with respect to, say, the building trades?—Oh, yes; I should think that is a matter of detail.

6417. With respect to agricultural labourers would you also have an equal number?—Certainly.

Professor *Marshall.*

6418. May I put in one word. If there are 40 trades and 150 centres, you would want 40 times 150 columns?—Yes.

Mr. *Mundella.*

6419. But that you would have to issue from the central authority; you would want a volume every week?—By certain printed forms it would be done easily.

6420. But not in four pages of foolscap?—I have no idea as to the quantity of material.

Sir *Michael Hicks-Beach.*

6421. Would you advance travelling expenses to servants, say, who wished to go and meet employers in order to obtain situations?—I should treat this entirely as a free and public bureau, and I should have nothing to do with finding money for anybody. The effort would be to bring the employer and the employee together.

6422. But supposing an employer in Newcastle hears of a domestic servant in Devonshire, it would be practically unlikely, would it not, that the employer could engage that domestic servant, without a meeting between them; how would you provide for that?—The would-be employee must get his, or her friends to advance the money.

6423. The would-be employee?—Or the employer could advance the money under some arrangement.

Sir *Michael Hicks-Beach*—continued.

6424. You do not contemplate any advance of money for that purpose?—Not in connexion with the registry. My first idea was to make it a semi-philanthropic affair, but after conversation and correspondence, especially with the labour leaders, I dropped that idea entirely, for I do not think it would work.

Mr. *Bolton.*

6425. You have nothing as to the character?—No.

Sir *Michael Hicks-Beach.*

6426. He makes no inquiry as to the character?—If the applicant desires to give any credentials of character, well and good, let such be entered; but you do not require it of him.

6427. But do you think that a registry which went no further than that would do any practical service in bringing employer and employed together?—It is just on the lines of the ordinary servants' registry. This would be a more extensive and much more complete scheme; but that is the principle on which they work. The servant's character is given direct to the mistress—not necessarily through the registry at all.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

THIRTEENTH DAY.

Commission Room, Westminster Hall, Friday, 2nd December 1892.

PRESENT:

THE RIGHT HON. LEONARD H. COURTNEY, M.P. (IN THE CHAIR).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
Sir FREDERICK POLLOCK, Bart.
Mr. W. ABRAHAM, M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Dr. ELGIN R. L. GOULD called and examined.

Mr. *Courtney*.

6428. You hold a position in the United States Labour Department?—Yes.

6429. Will you tell the Commission what your position is?—For 5½ years I have filled the position known as that of Statistical Expert in the Department of Labour. It is a position which comes in point of rank immediately after those of the administrative officers, namely, the Commissioner and the Chief Clerk. I have also in that period of time been Lecturer on Social Science and Statistics in the Johns Hopkins University of Baltimore. I am a university man, a doctor of philosophy—not of medicine—and I have made a special study in my university career of economics and statistical science.

6430. Will you tell us what is the organisation of the Labour Department?—I think I must distinguish in order to avoid confusion between the National Labour Department and the Bureaus of the State Departments.

6431. Tell us about the Federal Organisation, in the first place?—The law under which the Federal Organisation was first created was dated 1885, but it was then created as a bureau of the Interior Department. In 1888 it was taken away from the Interior Department and was made a separate or autonomous institution, and it occupies perhaps a peculiar position. You have no parallel to it in English administrative bureaus, and therefore I shall have to explain briefly, perhaps, the relation which it occupies. We have, I should say, in the first place six principal Cabinet offices. Then in addition, under these various departments, as we call them, there are grouped different bureaus, having different functions; for instance, in relation to the statistical service of the United States. There are 12 of them,* 11 of which are under different departments of the Government, with different secretaryships, but the twelfth, the United States

Mr. *Courtney*—continued.

Department of Labour, occupies an intermediate position between these two classes of institutions; that is, between the Cabinet Department, which is represented by its chief in the council of the President, and those other agencies which are branches of the different departments, but the Department of Labour is quite separate in character, and it is unique amongst our institutions in this, that it has neither representative in the Cabinet, nor has it anything to do with any particular department. Its chief is appointed directly by the President, and reports to the President and to the Congress without the intermediary of any Cabinet officer. This peculiar position was given to the Department of Labour in 1888, and the law which created the organisation defined the duties of its Commissioner as follows: There shall be at the seat of Government a Department of Labour. The general duties of the Commissioner of Labour are to acquire and diffuse amongst the people of the United States useful information on subjects connected with labour, in the most general and comprehensive sense of that word, and especially upon its relation to capital, the hours of labour, the earnings of labouring men and women, and the means of promoting their material, social, intellectual, and moral prosperity.

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* With regard to these agencies the following note occurs in the Summary of Evidence handed in by the Witness:

"There are 12 statistical agencies attached to the Federal Government as follows:—

(*a.*) Federal Census Bureau.
(*b.*) Statistics of Commerce.
1. Bureau of Statistics of the Treasury Department dealing with external and internal commerce and navigation.
2. Bureau of Consular Statistics in the Department of State.
(*c.*) Statistics of Production.
1. Bureau of Agricultural Statistics.
2. Mineral Resources of the United States.
3. Fish Commission.
4. Bureau of the Mint (Statistics of production and consumption of gold and silver throughout the world).
(*d.*) Statistics of Education.
Bureau of Education.
(*e.*) Finance Statistics.
1. Bureau of Internal Revenue and Customs.
2. Bureau of Comptroller of the Currency.
(*f.*) Railroad Statistics.
The Inter-State Commerce Commission.
(*g.*) Labour Statistics.
The Department of Labour."—G. D.

Mr. *Courtney*—continued.

6432. What is that document you are reading from?—I am reading from the text of the law creating the department, and those are the general duties. Its foundation is very wide, you see. The duties you see prescribed are very broad—practically anything in the line of social or economic study could come within the purview of the Commissioner of Labour. Then there was certain specific things prescribed as the duty of the Commissioner, and these are as follows: "Sec. 7. That the Commissioner of Labour, in "accordance with the general design and duties "referred to in section 1 of this Act, is specially "charged to ascertain at as early a date as "possible, and whenever industrial changes "shall make it essential, the cost of producing "articles at the time dutiable in the United "States, in leading countries where such articles "are produced by fully specified units of pro-"duction and under a classification showing "the different elements of cost or approximate "cost of such articles of production including "the wages paid in such industries per day, "week, month, or year, or by the piece and "hours employed per day, and the profits of the "manufacturers and producers of such articles "and the comparative cost of living and the "kind of living. It shall be the duty of the "Commissioner also to ascertain and report as "to the effect of the Customs laws and the "effect thereon of the state of the currency in "the United States on the agricultural industry, "especially as to its effect on the mortgage "indebtedness of farmers, and what articles are "controlled by trusts or other combinations of "capital, business operations, or labour, and "what effect said trusts or other combinations "of capital, business operations, or labour have "on production and prices. He shall also "establish a system of reports by which at "intervals of not less than two years he can "report the general condition so far as the pro-"duction is concerned of the leading industries "of the country. The Commissioner of Labour "is also specially charged to investigate the "causes of and facts relating to all contro-"versies and disputes between employers and "*employés* as they may occur, and which "may tend to interfere with the welfare of "the people of the different States, and report "thereon to Congress. The Commissioner "of Labour shall also obtain such infor-"mation upon the various subjects committed "to him as he may deem desirable from "different foreign nations, and what, if any, "convict-made goods are imported into this "country, and, if so, from whence. Sec. 8. That "the Commissioner of Labour shall annually "make a report in writing to the President and "Congress of the information collected and "collated by him, and containing such recom-"mendations as he may deem calculated to "promote the efficiency of the department. He "is also authorised to make special reports "on particular subjects whenever required so "to do by the President or either House of "Congress, or when he shall think the subject "in his charge requires it. He shall on or "before the 15th day of December in each year "make a report in detail to Congress of all "moneys expended under his direction during "the preceding fiscal year."

6433. All that is an extract from the statute?—All that is textually an extract from the statute (*handing in print; see Appendix* CXVIII.).

6434. That was passed before Mr. Harrison entered into office?—Yes. That was passed in 1888. June the 13th, 1888, is the date of the approval.

6435. And was the Commissioner appointed before or after Mr. Harrison was appointed?—There never has been any change in the appointment of the Commissioner of Labour. He received his appointment first from Mr. Arthur, was retained by Mr. Cleveland, again re-appointed by Mr. Harrison, and his term of office will expire in January of the coming year. If the same practice prevails as has hitherto been followed, which, I have no doubt, will be of keeping this Department absolutely separate from political influence of any sort, he will undoubtedly receive re-appointment.

6436. Consequently, the office existed long before the Statute, he being appointed by Mr. Arthur?—Yes. I am speaking now of the Bureau of Labour which was organised simply on those general lines which I first read. Those last instructions were specific instructions given in order to extend the sphere of influence of the department.

6437. What staff is maintained in that office?—I have here, fortunately, the detailed statement of the staff in the office itself, including the administrative offices, the clerks, the messengers, and copyists, and so forth. The last appropriation which I have here, namely, for the fiscal year 1891 and 1892, one year ago, provided for 55 of what one might call the interior staff, and for 20 of what we may call the exterior staff, namely, special agents who are employed in the field in the investigation of certain subjects.

6438. Would those include persons sent to Europe?—Yes; I will explain that in a minute. That makes a total of 75 as the permanent staff. In addition to that there are temporary *employés* from time to time as the exigencies of the services may need. Most generally they are experts who have technical knowledge which may be required in the prosecution of some certain inquiry, and very often, too, they simply represent a number of extra clerks which must be put on in order to complete certain work by a certain date, and the average according to the report for the last fiscal year that I have here of such temporary *employés* was 34 throughout the year, making, therefore, a total staff of 109.

Mr. *Mundella.*

6439. Seventy-five permanent?—75 permanent and 34 temporary. But we make a radical distinction between the two sides of our permanent staff, the interior and the exterior services. You asked me, Mr. Chairman, about the agents coming to Europe. I occupy a unique position in that

Mr. *Mundella*—continued.

regard. My duties are such that I may be employed either in the office at Washington or employed in the field. My specific duties are the organisation of inquiries as they are decided upon. But when it becomes necessary, or the Commissioner feels that someone is necessary to direct and control the external work of the department, then I should go into the field to take charge of all that work; and that explains my being in Europe at the present time. Nearly four years ago I came here in charge of a commission of six of our special agents to study certain questions which I will refer to later on.

6440. How long ago?—Nearly four years ago

Mr. *Courtney.*

6441. What is the annual appropriation required to sustain this office?—The total appropriation for the last fiscal year for which I have information, namely, 1891–92, was 168,270 dollars, exclusive of printing—in round numbers 33,600*l.* I may say, and those are divided under the different heads. Would you like the different heads of the appropriation?

6442. Yes, the leading heads?—The leading heads are as follows:—Salaries, 101,020 dollars.

Sir *Michael Hicks-Beach.*

6443. Is that amongst the 75?—Yes, amongst the 75. The temporary *employés* are paid out of the savings arising from the non-expenditure of the miscellaneous appropriation. The miscellaneous expenses ordinarily cover the subsistence and transportation expenses of every person employed in field work and the salaries of every person known as temporary *employés;* that is to say, miscellaneous expenses covers the travelling expenses and subsistence expenses of people in the field, special agents of the department, and also the salaries of such temporary *employés* as it may be necessary to have.

Mr. *Mundella.*

6444. What is the total?—47,500 dollars. The appropriation for rent of buildings was 5,000 dollars, for library 1,000 dollars, for stationery 1,500 dollars, postage to foreign countries 250 dollars. Then there is miscellaneous printing and binding, which does not refer to the printing of reports but refers to the printing of stationery and blank books, the printing of schedules of inquiry which we prepare, the re-binding of books for the library, and sundry expenses of that sort, 8,000 dollars; contingent expenses 4,000 dollars. The contingent expenses, I may say, cover furniture, carpets, advertising, and telegraphic and telephonic service, expressage, fuel, light, and such miscellaneous items. That is the regular appropriation of the department for everything, exclusive of printing. But first let me say that from time to time the Legislature or Congress orders us to make special inquiries, and in such cases they give us special appropriations. We have so far received from that source 22,500 dollars in two different years, that is for two special inquiries that were conducted. I may say that these papers are entirely at your disposition.

Mr. *Courtney.*

6445. I observe that a large part of the duties of the office is the examination of the cost of production of foreign competitive products as compared with their cost in the United States?—Yes.

6446. I do not know that that is specially within the scope of our inquiry, but perhaps you will tell us your method of pursuing that investigation?—Yes. I will have to explain first the object of this inquiry, going a little into the history of it. In 1884 Mr. Carroll D. Wright, who was the Commissioner of Labour for the state of Massachusetts, gave an address as President of the Social Science Association of the United States, in which he laid down the thesis that, admitting the protective principle, in order to be just and fair to all parties, the customs tariff should be based upon comparative cost of production. This idea took root in the minds of certain members of Congress, and notably in the mind of Mr. Mills, who was then Chairman of the Ways and Means Committee. Mr. Mills, during the session of 1887–8, when he was endeavouring to bring about a modification of the existing tariff, applied to us, as all Congressmen are in the habit of applying to us, for information which would throw light on the questions with which he was dealing. The best information we could furnish him was contained in the First Annual Report of the Bureau on Industrial Depressions, when certain incidental studies were made in relation to the cost of production of different staple goods in several European countries, combined with wages and cost of living; but those were far from complete, and therefore quite unsatisfactory. Consequently when the department was created, that is when the Bureau of Labour was promoted to the status of a department, it was agreed on, not at all as a political measure, but for scientific statistical purposes purely, that it should be specially charged to investigate this subject. I say it was not at all a political measure, because, although Mr. Mills and several members on the Ways and Means Committee (who with us propose tariff legislation) were strongly in favour of this method of dealing with tariff reduction, the measure was passed by the unanimous vote of the House of Representatives, Republicans and Democrats combined, and it was passed almost with unanimity in the Senate. It was understood at the time, and has always been understood since, that absolutely no political motive or aim of any sort should influence the Commissioner of Labour or his assistants in the conduct of this inquiry. What was sought to be obtained were facts, which would not afford a basis for constructing a detailed schedule of tariff duties by any means, but it would obtain representative facts in relation to great staple industries, and especially with regard to specific units of production, such as a yard of ordinary cotton cloth or woollen goods, a ton of steel rails, a ton of coal or pig iron—units about whose manufacture there is no longer any strong reason for maintaining secrecy. That was the idea of the inquiry. We wanted to get the

Mr. *Courtney*—continued.

facts. We wanted to see, for instance, the effect of the tariff on the high wages paid by the American manufacturer. The American manufacturer claimed that he had to pay, in regard to the cost of production, higher daily wages than his foreign competitors. When this was complete we should have the means of verifying the statement so often made by American manufacturers that a tariff was necessary to them in order that they might be compensated for the disadvantage they were under in the production of their goods owing to the larger daily wage which they paid to their labourers. In other words, the idea was that it should cause us to understand whether or not the tariff was of supreme importance in the creation of what I may generally call the prevailing high rates of wages in America, and whether the manufacturer must have large tariff duties in order to continue paying them. We wished to know the truth about this matter. In saying this I was not in any wise casting a slur upon the American manufacturers, because I believe many of them sincerely felt that to effect tariff reduction would cause them at the same time to lower wages in order to keep up competition. Especially is this remark justified when I tell you that the American manufacturers from the first promised their most cordial co-operation in this enterprise with one exception, that is with the exception of the manufacturers of steel rails. All the rest of the manufacturers whose products we sought to investigate, namely, the leading producers of cotton and wool, and iron, steel, and glass, simple units of production, where it is perfectly possible to make exact comparisons of comparative cost, promised a cordial co-operation, and that has been given. So much for the nature of the inquiry itself. Please to understand that this inquiry had absolutely no connexion with what was known later as the McKinley Bill. We started to outline or to prepare the schedules more than a year and a half before the new Ways and Means Committee, of which Mr. McKinley was appointed chairman, came into existence. I had transmitted absolutely no information in relation to the textile industries of Europe to my chief at Washington before the Bill became law and therefore our inquiry is in no sense whatever responsible for any tariff legislation of that sort. Our information was intended to furnish, so to speak, an educative basis for future discussions of this question, and to throw light on the real facts of the case. That was the idea, and that is the purpose which it has actually served, because if any of you have been readers of the American papers during the last few weeks, you will see to what an immense extent the results of our inquiries have been quoted in the Presidential campaign. Now, in relation to the organisation and conduct of this inquiry; this is a very practical point, of course, in connexion with the functioning of such a department, and our practice is this. We collect no information except through a special agent, who is sent directly to

Mr. *Courtney*—continued.

the source of information to gather it personally. That is the foundation basis, the foundation stone of our inquiry. We never use written *questionaires*, or written or scheduled questions which we hand to manufacturers or labourers, or any others requesting them to fill them up and transmit them to the office. Conceiving as we do that our Department is one of original inquiry, we aim, first, at securing a skilled inquirer, and secondly, at making the inquiry on the spot where the facts are to be found. If it was a question of compilation that would be different. Then of course we should make use, perhaps, of schedules of questions which would be sent out, but we have absolutely no functions of compilation. Our functions are those of original inquiry solely. The second point is this: that before the inquiry is made, usually one year before an inquiry is practically commenced, one or more of the statistical experts set themselves to work to study the question and find out what it is possible to do with it; in the first place, to outline what information would be desirable, and secondly, to find out what is actually possible to be obtained. This he does by consultation with the parties who are to give the information. In order that information may be obtained people animated with good intentions and with open-mindedness towards the department are visited, and their opinions are asked upon the subject—not merely persons directly connected with the subjects of inquiry, but also the opinion of economists and sociologists, and of anybody who has taken an interest in any question which it has been decided upon to investigate. Those gentlemen are always consulted in the first instance and their views are obtained. Now, if you would permit me to be a little personal, I can, perhaps, without in any sense desiring to intrude my personality, give you a better idea of the manner in which we study different subjects of inquiry, by outlining to you the method of procedure in connexion with this cost of production inquiry, which is one of the most difficult ones that we have ever undertaken. The preliminary preparation of the organisation of this inquiry was entrusted to my hands. I spent a considerable time in manufacturing establishments myself, talking not merely with the managers, but studying carefully, with the aid of technical works and with the assistance of foremen and labourers, the subjects to be inquired into. I endeavoured to study so much and understand so much of the technical processes of manufacture as would enable me to assist in the construction of a schedule of questions which would bring out the points we wished to set forth, and also to put me in such a position that I could not be mistaken in any data which I or my associates afterwards would collect.

Mr. *Mundella.*

6447. The inquiry, I suppose, took place in the United States?—In the United States.

6448. That is the preparatory inquiry?—Yes.

Mr. *Mundella*—continued.

But I had also been in Europe in 1885, and had seen a good deal of manufacturing on the Continent of Europe, in Germany and Belgium notably. Then by means of technical processes, and the study of the technique of manufacture, I learned, for instance, how to compute the cost of production of different kinds of goods, such as differently organised cotton, silk, and woollen tissues, for example. When I had the facts before me I knew how to compute the cost of production personally of yarns and of fabrics. The same thing was the case in relation to the iron and steel industries, and wool. Then, of course, all this time I talked a very great deal with the proprietors, with the manufacturers themselves, with their foremen particularly, and with others, and on this basis we proceeded to make a schedule of questions, which would give us the facts in relation to the conduct of the establishment, economic facts which we sought, and from which we could figure out the cost of production of the particular units of production manufactured. These schedules after they were prepared were submitted to the Commissioner for his approval; he submitted them afterwards to technical people—not manufacturers as a rule, but people who had retired from the industry, and who then perhaps retained rather a philosophical than a practical interest in the subject, —so as to make sure that we were getting a schedule of questions such as would permit us to acquire a preliminary basis of observation in this study, which would enable us to accumulate useful results. At the same time, schedules were prepared for the tabulation of wages statistics, and also as to the cost of living. Now that was the preliminary organisation, I may say, of the inquiry. Then after taking the field these schedules were put into the hands of agents by the Commissioner of Labour, with instructions to visit manufacturers and endeavour to influence them to give the information sought. The manufacturers did not fill up the schedules themselves. I should have said this in the first place, that a number of the principal special agents were also drilled in such a fashion that they might in their preliminary inquiries get a fair knowledge on certain important elementary matters in connexion with production. The agent was instructed with these schedules in his hand to visit the factories, to endeavour to influence proprietors to give us the information which was demanded; and in the case of acceptance the schedules were always prepared by the agent directly from the books of the manufacturers, with such necessary help and explanation from book-keepers or managers as were required. Secondly, as regards wages, the pay rolls of the establishments were taken. It is not necessary to speak to this Commission of the delusive manner in which wage statistics often appear in reports, because you are of course all aware of the difficulties of this line of work; but in order to avoid presenting false ideas in relation to wages, we decided to undertake the laborious task of copying from the pay rolls of an establishment the wages of every single individual employed in that establishment on a separate blank on which was noted the number of days that he worked during each pay period, the salary per day which he received, if he was paid by the day, or by the piece, if that could be stated. That latter could not always be stated because too much detail was required, and then the total sum which he received for that period of work, say 12 days, constituting an ordinary fortnight of labour was given. Then whenever a man changed his occupation, as sometimes happened in the case of unskilled labour, we took pains to prepare a new schedule for this same individual in order that we might trace his receipts through each occupation which he followed. And then finally, in relation to the cost of living; the agents visited personally the houses of labourers, particularly selecting those who kept books. I may say a good many of them do so in Germany, there are not so many of them in other countries. Some kept books, and others dealt with co-operative stores, where a book was kept often for them there, and also one found sometimes a retired postman or retired policeman, or someone who knew the families well, and who possessed their confidence, so that we could always test the statements of the working-man in reference to his living expenses, because we had received his actual salary from the manufacturer without his knowing it, and consequently we could very soon see if he meant to be false and not tell the truth in relation to his affairs. We visited more than 8,000 families in Europe and the United States, and a little experience on the part of the agents soon enabled them to tell whether a man was at least trying to tell the truth or not.

Mr. *Courtney.*

6449. And you pursued the same method as nearly as possible in Europe as in the United States?—Exactly the same method.

6450. Did you have one inquirer for England?—We had three; one concerned himself solely with the cost of living, and two with the cost of production and wages.

6451. Now passing to what more nearly concerns us, the labour troubles or disputes, what have you done in respect to them in pursuance of your duties?—As to those duties it is recited in the law which I have read, I believe, that the Commissioner is empowered to interfere in labour disputes to try and bring about a settlement of disagreements and so forth. I may say that this has been inoperative, and that the law has never yet been called into function, and consequently I have nothing to say as to the particular influence of our national department of labour in such matters.

6452. We will come to that presently. Now will you deal with your Federal Organisation. The Federal Organisation has never interfered?—No.

6453. Has it ever been appealed to?—No; it would not be likely to be appealed to except in the case of a mixed strike, say, for instance, a

Mr. *Courtney*—continued.

strike of the railroad *employés* of the Pennsylvania system extending from New York to Chicago.

6454. Or where several States are involved?—Precisely, where several States are involved.

6455. You have no experience, in fact, in relation to labour disputes?—No, none whatever—that is, not directly; but pardon me if I call your attention to this fact, which is incidental, that in 1886 a report was made on Strikes in the United States. They had been epidemic, so to speak, for two years previously, and the Commissioner judged the time opportune to make an inquiry into the strikes which had taken place in the United States for the five years from 1881 to 1886. He did so, and investigated every single strike, so far as was known, which happened during that time. The result of this—you cannot call it interference—study of the question was that within 18 months after the publication of the report, strikes had practically ceased to exist. The inquiry was made in 1886, and covered what strikes had taken place in the United States from 1881 to 1886.

Mr. *Mundella.*

6456. That is for five years?—Yes.

Mr. *Courtney.*

6457. Afterwards strikes ceased to exist, you say. Did your report end with any conclusions or recommendations as to the prevention of strikes?—No, none whatever. It is not considered our function to make specific recommendations. Wherever such recommendations could be construed by either party to be an advocacy of a particular thing they are not made. The Commissioner's idea of his function is to stop at presenting the facts, and then let the public or people interested draw their own conclusions therefrom.

6458. You pursue your investigation *in vacuo*?—Yes.

6459. Did the Congress upon your report take any action?—Congress has no authority to take action upon questions of strikes except where they concern the Federal *employés*, of course.

6460. Did any of the separate States or Legislatures take action?—Action has been taken in two of the Western States in the matter of the creation of arbitration tribunals which was suggested from a consideration of the facts; but otherwise I do not know of any Legislature which has done so.

6461. What States were those?—The State of Colorado. I do not recall the name of the other at the moment.

6462. You have mentioned as a fact the cessation of strikes, but I may conclude that there has been a recrudescence of them since?—I do not mean an absolute cessation, I mean a cessation as compared with the epidemic which had existed hitherto.

6463. When you mention that as a fact, do you connect it with the publication of your report?—I do.

Mr. *Courtney*—continued.

6464. How do you make out the connexion?—From the statements of labour leaders who from the moment they received accurate information of the effects of these strikes upon the labourers themselves were much more careful in ordering strikes and more particular in trying to influence their workpeople and different organisations to avoid them.

6465. The study of the past led them to be more cautious in the provoking of strikes subsequently, you mean?—Yes.

6466. Now are these reports to be drawn up and printed or distributed, or can you tell us anything about them?—The reports are printed. I can give you, if you like, the exact details of the number.

6467. You can give us it in outline?—The total number of volumes printed for the first five annual reports amounted to, in round numbers, 300,000 volumes. The total cost of such printing was in round numbers $126,000.

6468. About 25,000*l.*?—Yes.

6469. In how long a time?—The first five years. Now I ought to mention here that double the number of reports were demanded; the public demanded double the number of reports; double the number could have been distributed had they been printed.

6470. Were they all distributed gratuitously?—Yes.

6471. What principle of distribution was adopted?—We have what we call a permanent list, which is composed particularly of prominent public men, of representative men, of editors of leading papers, and well-known economists and statisticians, and students and clergymen, all universities and public libraries, and certain distinguished foreign gentlemen who are known to the department as likely to make a good use of them and to be interested in the subject matter. These form the permanent list. Then there is always what is known as a Congressional edition. Usually the Congress orders rather more perhaps than twice as many numbers for its edition, and this is placed indirectly at the disposal of the Commissioner of the Department of Labour. This Congressional edition is always distributed by the Commissioner, but the applications usually come from the constituents of the different Congressmen, through the Congressmen to the Department.

6472. The Congressmen send in lists?—Yes, in addition to the permanent lists. The reports are supplied upon demand, and usually we have found that those who are interested enough to demand them are likely to read them.

6473. You say twice as many might have been distributed?—Yes.

6474. Do those that get distributed ever come into the market?—Yes; occasionally; but very few of the public documents of the United States come into the market except when they have become rather rare.

6475. If there is a demand for twice as many as have been issued, it might happen that copies would be on sale?—Occasionally you will find them. I know of one such place in Washington

Mr. *Courtney*—continued.

where perhaps you might find 50 volumes exposed for sale at any one period, but not more.

6476. Now can you give us briefly an account of the chief subjects dealt with in your reports?—The first report was on the subject of Industrial Depressions, and was a study of the commercial and industrial crises from 1815 to 1885, when the report was made. Incidentally, in connexion with that report, the influence of the industrial depression which then was existing was stated in relation to the comparative cost of production and wages and cost of living.

6477. Industrial Depression in the United States?—Industrial Depression in the United States and Europe. The second annual report was on the subject of Convict Labour. I may say that the choice of subjects for those annual reports rests entirely at the option of the Commissioner. This report on Convict Labour was an investigation of the effects of the different systems practised in different States of the employment of prisoners, and the practical results of this inquiry were a marked change in the System of employing prisoners notably in the south. Hitherto they had been allowed out on contract to work outside the walls in mines and quarries, and so forth, and since that time I know at least in three of the States the law has been changed. The third report was that which I have already spoken of on strikes and lock-outs in the United States. It might be interesting to know, in such a vast territory as the United States, how we could cover the whole ground. It was done in this way: a list of the manufacturers of the United States and of their addresses was obtained from the Census Bureau. That was the basis of it. Then, secondly, the files of all leading newspapers in the United States were searched during these five years in order to obtain the address of any establishment where a strike had been reported. Thirdly, all the labour unions of the United States were corresponded with and asked to furnish lists, and then, in addition, a few of the strikers were interviewed by the agent on the ground when he went to investigate in the particular territory which had been parcelled out for him. Then the fourth annual report was on the Social Condition of the Working Women in the Larger Cities. The fifth annual report was on Railway Labour. It is not a census of the Railroad Labour, or of the conditions prevailing amongst railway labourers, because this is too large a task to undertake at one time. There are in the United States some 650,000 railway *employés* in round numbers. The report dealt with 241,000, practically a little over a third of them, and this subject was divided first into the relations of the *employés* to the corporation; that is, in regard to their hours of labour, their beneficial institutions, if such exist, the Employers' Liability Laws in the different States, and questions of that sort. The second part consisted uniquely of a tabulation of wages, and those wages were obtained direct from the pay-rolls of the different companies, the agents taking the trouble to copy them in the same method as I have already outlined in connexion with the cost of production inquiry. The sixth annual report which was published about nine or ten months ago, was on the subject of the Cost of Production in the Iron and Steel Industries. There will appear shortly, if it has not already appeared—I know it is due now—the second volume of this cost of production report, which will deal with the textile industries, the cost of Production, Wages, and Cost and Standard of Living in the Textile Industries in Europe and the United States. There is also under way an Investigation of the Building and Loan Associations and Co-operative Banks in the United States, which will be completed, I suppose, in about a year. Since I have finished the cost of production work in Europe, I have occupied myself with the studying of the Housing of the Working Classes in Large Cities, and the endeavour to obtain light from European experience in the matter. I shall make a report upon that immediately on my return, and also upon the Scandinavian, or what is known generally as the Norwegian and Gothenburg Systems of Licensing. Then, in addition to this, Congress has twice ordered us to pursue special inquiries. The first was to make an Investigation into the Marriage and Divorce Relations in the United States for 20 years from 1867 to 1887 with an Appendix relating to Europe You see at once how that is a subject which does not bear directly on labour, but it justifies the remark which I made to you in the beginning, that so broad are the foundations of our institution that any subject which comes within the domain of economic or social science may be made an object of inquiry, and it justifies furthermore, the confidence of legislators in our work, I think, inasmuch as they will from time to time recognise us as the best agents for giving them information. Now, this has had very practical results, for there are some 2,700 courts of record in the United States, and every divorce which had taken place during that period was tabulated. It was the first time that any really actual notion was given to the people of the marriage and divorce relations in the country, and it has had very practical results. Marriage and divorce is not regulated by the Federal Government, but by the separate States, and since the publication of the report there has been a notable reform in the divorce laws of some of the States which had the worst record up to this time.

6478. Indiana has taken action, has it?—Indiana has taken action, and Michigan has taken action, and particularly the Western States have taken action. There is one other special report which was ordered by Congress on the Progress of the Technical Education in the United States and Europe. That will soon be published.

6479. You have not had any inquiry into the currency question, have you?—No, not yet; but I would not be surprised if that should be taken in hand.

Mr. *Mundella.*

6480. I understood you to say there had been inquiry ordered into the progress of technical education in Europe?—And the United States.

6481. Is that report made?—It is not yet published. It is now being tabulated. It will appear in about six months, I should think.

Mr. *Courtney.*

6482. Did your Railway Service Report get followed by any practical action?—I am not aware that it has, but I cannot speak as to the most recent legislation, as I have been four years absent from the country.

6483. Did labour bureaus exist in several of the States before the Federal organisation?—Yes.

6484. In which was the earliest labour bureau established?—The earliest labour bureau was established in Massachusetts in 1869.*

6485. And that has been followed by similar bureaus in other States?—That has been followed by 27 other bureaus. I have here a complete list, which I beg to hand in, with the dates of their organisation and the addresses of the official heads (*see Appendix* CXIX.). As to those last bureaus two or three of them are not solely statistical in their purpose.

6486. Do the bureaus in the leading Eastern States and Southern States take the same form?—You mean take the purely statistical form, or have they mixed functions?

6487. Have they the same organisation and the same functions, or not?—Generally speaking, the functions are pretty much the same. I can give you the details. Seventeen of these labour bureaus have purely statistical functions, very much on the lines of the first one. Their charters read very much like the first section of the Act which I gave Mr. Mundella a few moments ago. Then in seven cases factory and mine inspection are combined and added to the duties of the Labour Bureau. These States are Maine, Minnesota, Missouri, Illinois, Wisconsin, Rhode Island, and Tennessee.

Mr. *Mundella.*

6488. Not Massachusetts?—Not Massachusetts. Massachusetts has added to the purely labour or industrial statistical function the duty of collecting manufacturing statistics every year, and it takes a census every 10 years. Then in two cases mediation is added to the Labour Department.

Mr. *Courtney.*

6489. What are those States?—North Dakota and Colorado. They are newer States, and the number of industrial disputes is much smaller as manufacturing is as yet at a minimum.

6490. Have they had any experience or is it theoretical?—I cannot say that. Whether they have any experience in North Dakota and Colorado I do not know, but I do know that in some cases—very often, in fact—the Labour Commissioner mediates in a purely impersonal fashion. The instance which I recall at this moment of chief interest was that of the great railway strike of 1886, on the Gould system of railways in the South-west, the Missouri Pacific, and then the Commissioner of Labour of Kansas, in a purely unofficial way, sought to obtain in the first place from the strikers a view their case. He obtained also the same from the railway heads, and he brought the governors of the two States particularly involved, Missouri and Kansas, together and placed the facts before them, and asked them to mediate. He did this purely voluntarily and purely inofficially.

6491. He was not asked by the disputants on either side to do it?—He was not asked by the disputants on either side to do it, and this happened in other cases as well, but in these two cases I have mentioned it is made the duty of the Commissioner in every case where a strike takes place, in every establishment where there are as many as 25 persons employed, if 15 of them shall ask the Commissioner of Labour to intervene, then he must do so.

6492. In those two States?—In those two States. In two States, Idaho and Mexico, emigration duties are also assigned.

6493. Have any of these State bureaus assumed functions and afterwards dropped them?—I am not aware that that is the case. I do not recall any instance at the present moment.

6494. Have they been charged with any duties on the part of the State which were afterwards withdrawn?—I am not aware of any. I do not recollect an instance. I may say this, that on one occasion the charter of a labour bureau was revoked, but that was in the earlier days before their function was clearly understood. The bureau was afterwards brought into existence again.

6495. The Labour Bureau of Massachusetts is almost exclusively a statistical inquiry board?—Yes; I will give you the names of the States where the labour bureaus have purely statistical functions. Sometimes they have industrial statistical functions or agricultural statistical functions. The first is the National Department of Labour. Then there are the bureaus of Massachusetts, Pennsylvania, Connecticut, Ohio, New Jersey, New York, Indiana, California, Michigan, Iowa, Maryland, Kansas, Nebraska, North Carolina, South Dakota, and Utah. These States are the principal industrial States, and therefore they afford an interesting commentary.

6496. Now would the State Bureau of Massachusetts follow the same method of inquiry as the Federal Bureau?—All State Bureaus follow the same method of inquiry so

* The following note respecting the origin of labour bureaus occurs in the Summary of Evidence handed in by the Witness: "The first Labour Bureau was organised in Massachusetts in 1869. As far back as 1845 petitions had been presented to the legislature against excessive hours of labour, imprisonment for debt, and in favour of a mechanics' lien law. In 1865 a special unpaid Commission was appointed 'to collect information and 'statistics in regard to the hours of labour, and the condition 'and prospects of the industrial classes.' The following year this Commission recommended 'that provision be made for the 'annual collection of reliable statistics in regard to the con-'dition, prospects, and wants of the industrial classes.' Another Commission was appointed which reported in favour of the establishment of a 'bureau of statistics for the purpose of 'collecting and making available all facts relating to the in-'dustrial and social interests of the commonwealth.' Nothing came of this, but, when in 1869, the legislature refused to incorporate a labour organisation known as the Knights of St. Crispin, the political party in power feared that it would suffer irretrievably unless something else was done. Accordingly the desired Bureau of Labour Statistics was hastily created."—G. D.

Mr. *Courtney*—continued.

far as their means allow. In some cases, and in many cases in fact, their means are not sufficient to enable them to send personal inquirers out, and this, I may say, is the reason why the reports in several of the State bureaus, especially the early reports that they have presented, have very little more value than that of hearsay evidence in a court of law. I wish distinctly to be understood as not maintaining that all of these State bureaus have maintained the same high standard of proficiency as regards statistical results as the United States Department of Labour. There has been very much to be desired, but that has grown out in the first place from lack of resources, the Legislature not understanding them and giving them too many duties to perform and not comprehending that the true method of statistical investigation and the only proper method where original inquiry is the object sought is to send a score of skilled agents into the field and give a sufficiently large salary to attract men who will make that work a life occupation, and secondly the men they appoint lack experience sometimes. Men are sometimes appointed for political reasons, and without reference to any particular capacity, and thirdly, there are the changes which have taken place upon political grounds. I am sorry to say that in many of the States a change of political party in power means a change of the Labour Commissioner; but that is improving steadily as our standard of political ethics is advancing. In Massachusetts, the first Commissioner died after he was in office four years. He was then succeeded by Mr. Carroll D. Wright, who remained there till he was called to preside over the National Department. In Connecticut there has been the same Commissioner for a long time, and one may say generally that in all those States where a Commissioner has been allowed to remain in office a considerable time, and when he is anything like fairly endowed with resources, he pursues the same method of inquiry as that pursued by the National Department of Labour, and arrives at good results. I have compiled here, if it would be of interest to the Commission, the annual appropriation given to 16 of the principal of these Bureaus of Labour Statistics.

6497. You might put them in?—Very well (*handing in list; see Appendix* CXX.).

6498. Give us the particulars for Massachusetts and Pennsylvania and New York?—Massachusetts originally received 9,500 dollars, that was the appropriation given in the first year of its existence, now it has 10,800 dollars. Pennsylvania I have not the statistics of. I know it is not one of the best endowed. For New York the appropriation is 25,000 dollars.

6499. Any other?—Connecticut receives 9,000 dollars and Michigan 11,500 dollars. It might be interesting to know that these 16 bureaus, including the National Department Bureau, for the first year that they were in existence received all told 97,200 dollars. For the last year, that is 1890, the appropriation for these same bureaus was 290,470 dollars, in other words it had increased threefold.

Mr. *Mundella.*

6500. That is apart from printing?—That is apart from printing. The cost of printing varies. I could not include the cost of printing because that will depend upon the size and number of the volumes printed.

Mr. *Courtney.*

6501. Do these State Bureaus at any time carry their functions outside their own States?—Yes, Massachusetts has frequently from time to time sent agents to Europe. I do not know of other States doing it. I have known from time to time of Commissioners taking a trip to Europe and making an informal inquiry, but Massachusetts is the only one, so far as I know, which has been officially represented in Europe. It is not an unusual thing for them however to make inquiries in different States, but it is purely a matter of courtesy.

6502. Now is there any relation between the different State Bureaus *inter se* or between all of them and the Labour Department?—No, there is absolutely no organic connexion.

6503. You do not seek to obtain information from one another?—Up to the present time the National Department has not called upon the State Bureaus for information. The State Bureaus have obtained information one from one another, and every year a convention is held of all the Commissioners of Labour in the different States, in order to discuss matters which are of particular interest to them, and to create a public sentiment in favour of their work, and to instruct new-comers, by discussion of right methods, and so forth.

6504. That must be purely voluntary?—That is purely voluntary.

6505. Would the expenses of those meetings be defrayed by the several States?—That I am not in a position to say, but I think so.

6506. So far they recognise that the different Commissioners' expenses might be paid?—Yes. I could not say positively that they are, but I am more or less sure that they are.

6507. Now, are there any particular lessons to be learned from the experience of State Bureaus as contrasted with the Federal Bureaus?—Yes, there are lessons of success and lessons of failure. As to the lessons of success I had when I gave this address at Vienna the means of finding out, and I undertook to ascertain the specific cases of the influence on legislation of these different State Bureaus, and I am able to state the following: that in Massachusetts, as regards direct influence, such labour laws as the establishment of boards of arbitration and conciliation, factory inspection, the length of the working day, the employment of children, liability in cases of accident, come about principally through the direct recommendation and influence of the Labour Bureau Statistics urging on the Legislature.

6508. Then that department does not really investigate, but recommends?—Yes; that is so. The United States Department of Labour occupies a peculiar position. It is not in a position to recommend the different States what to do. So strong is our sentiment of State autonomy, that if a Federal institution

Mr. *Courtney*—continued.

undertook to do that it would very soon be told that it had better attend to its own affairs. The State Bureaus do sometimes take interest in labour legislation, and frequently recommend it. In Rhode Island there is a law requiring the weekly payment of wages and the provision of fire-escapes from buildings where large numbers of people are employed, or where large numbers of people reside. In Maine there is also the subject of ballot reform. It may sound rather singular to some that a labour bureau should deal with that, but it was meant to provide for an absolutely secret ballot on the Australian system which had not hitherto existed, so that no outside pressure whatever might be brought to bear upon the labourer at the polls. In connexion with its work there was also the creation of a Board of Arbitration for industrial disputes. In New Jersey there were laws favourable to the development of building associations. In Michigan there is the 10 hours law, and the prohibition of child labour and adequate provision against accidents, and the Factory Inspection Act. In Kansas, the establishment of industrial arbitration, payment of wages in cash, the abolition of the truck system, increased protection to miners, the modification of the mechanics' lien law, and an enactment favouring the creation of co-operative societies. In Illinois the repeal of contract labour in penitentiaries, and in Connecticut every labour measure which has been passed by the Legislature in the last few years came about as the result of labour statistics. In every single case where a law was favoured by this institution it received the assent of the Legislature. Those are the positive tangible results as regards legislation. Then there are others which are equally important and which are not so easy to state with the same exactitude, such as educative influence upon the working people themselves. I have a few instances of that. I might name one prominent instance in Connecticut. A few years ago there had grown up the idea that the proportion of profits was altogether too large in relation to wages, and a malevolent feeling, a bad feeling was beginning to manifest itself in the minds of the working people. The Commissioner saw that if this thing proceeded it might result in difficulties and strikes, in fact a great many strikes had sprung up apparently in connexion therewith without any cause whatever. He went to the manufacturers and said, "It is a great deal better that we should know "the truth, even if is against you, because the "minds of the working people are being "poisoned, and they are an easy prey to agita-"tors and selfish demagogues and interested "people, and we think it is a great deal better "you should let us know the truth." The Commissioner's means were limited and he could not encompass the whole State in one year, so he began a series of inquiries which should show the cost of production, the wages received, and the profits obtained in the industries of the State. I say his resources were so limited that he could not cover everything in one year; he

Mr. *Courtney*—*continued.*

contented himself the first year with inquiring into 90 establishments. He was urged to go on, not merely by the labourers, but by the manufacturers themselves, who said, "It is not a fair "thing to stop where you do, you must get more "information," and he has gone on for four years since. I do not know how many establishments he has covered during the last year, but during the four years he investigated more than 970 establishments in that way. The books of the manufacturers were freely opened to him everywhere. After he had tabulated the data he returned them to them or destroyed them, according to their wishes, so that the facts could never come out. Each establishment was presented impersonally, and the result was the entire calming down of this unreasonable agitation, which had existed hitherto in the State, and strikes have been exceedingly infrequent since.

6509. All that information was obtained by voluntary effort?—Obtained by the goodwill of the manufacturers, but as a matter of fact gathered by the agents of the bureau.

6510. They had no coercive authority, had they?—No. In some States coercive authority is given to these Commissioners of Labour, but it is rarely if ever exercised. I think it would be a great mistake ever to exercise it, because the usefulness of the institution depends upon the goodwill of all parties.

6511. Do you know whether the constitutionality of that truck legislation in Kansas to which you referred has ever come before the courts?—No I do not know. May I be permitted to state one or two other notable effects which have been the result of these inquiries? There has been what I may call a notable negative result, and that has been in the substitution of inquiry by a permanent skilled administrative force for that of inquiry by legislative committees. Our practice in America hitherto has been when a subject was about to come before the Legislature that a Commission was appointed consisting of the members of the Legislature purely, and as the majority of the members of the Commission were always in sympathy with the party in power, one could very easily see that when a delicate matter was concerned, where party capital might be made, statistical accuracy would be subordinated to party ends, and I think perhaps it was that state of affairs (I do not say that it obtains only in the United States, because I am certain that it does obtain elsewhere also), and perhaps the extent to which it prevailed with us which led one of your celebrated English statesmen at one time to say that there were three degrees of untruth—a fib, a lie, and statistics.

6512. They are more strongly in favour of the investigation of skilled experience, as against that of the Congressional or Parliamentary Committees?—Quite so; and I may say here that in order to prevent a misunderstanding which may arise in the future, that the Senate Committee of Finance, which is composed, as regards its majority, of Republicans, undertook to investigate the subject of wages and prices

Mr. *Courtney*—continued.

for 50 years in the United States, the object of this being to ascertain the effect of the McKinley Bill, and I have no doubt, with a predisposition to bolster up the measure. They did not know very well how to go to work, and they did not know very well how to get the information, and they asked the Department of Labour to undertake to get it for them. The Commissioner, after a good deal of pressure, consented as a favour to them, not because he wanted specially to do it, but as a favour, on the distinct understanding, however, that he was to be absolved from any responsibility as to the results of the work. As you may see, for instance, the name of the Department of Labour connected with that inquiry in future, you must know it was not one of its own taking up, and also that the department disavows any responsibility for the results reached.

6513. Could anything be done to bring the several State bureaus into organic relation with one another, and with the Federal Department of Labour?—Into organic relation? I think not. That would be impossible under our constitution. Into a moral relation, I think it is very desirable, in order that the same subjects of inquiry may be pursued simultaneously in the different States under the same methods.

6514. It would require Constitutional Amendment, in fact, to deal with it?—Yes.

6515. Now there are several other boards of inquiry in the United States, as to several of the States at least. What are the relations between the factory and the mine inspectors in particular States?—In seven of the States there is either factory or mine inspection, in some cases both, and in others it is simply mine inspection which is made the duty of the Commissioners of Labour. It usually falls, as a matter of fact, upon the shoulders of the Deputy or Assistant Commissioner of Labour, who looks after that side of the work.

6516. And usually there is an Inspecting Department, and an Inquiry and Statistical Department?—Yes.

6517. And they work easily together, do they?—I think not. My own opinion is, and I think the experience of our American people would corroborate it, that the greater the number of duties that you add to these offices, by so much do you diminish the importance of their purely statistical functions, and especially in those States in which it is difficult to secure adequate appropriation for the carrying on of the work. The more functions you add to it, the smaller effort in any case of necessity can it make in regard to its chief work, which should be, I think, the statistical work.

6518. The work of the Census Bureau in the last few years must very much overlap your own?—Yes, in a sense, but we never attempt any census statistics; I mean we never attempt to study everything in connexion with any given subject. That would be impossible in a country so large as ours. We seek for types, and to get representative facts, and we do not aim at a full statement of everything that exists.

Mr. *Courtney*—continued.

6519. You do not make an exhaustive statistical inquiry?—We make it exhaustive in the sense of being sufficient to be representative, and that, I think, for statistics is the truest kind of exhaustion on the subject, because when you attempt everything you are apt to overreach yourself, and perhaps not be so careful as you would otherwise be. Take, let us say, one-third of all the facts, which we do, at least, in connexion with any inquiry that we undertake.

6520. You have doubtless seen many of the bulletins of the Census Commission?—Yes, I have seen some of them.

6521. Some referring to the particular industries of every State?—Yes.

6522. Such as mining; and others referring to industries of particular States, or even particular cities?—Yes, there are 12 statistical agencies* of the Government including the Census. Some of these do Census work as, for example, the division of the mining statistics in the geological survey.

6523. You have no official relation with that bureau?—No, but I do not violate any confidence at all when I say that it very nearly came about that the Census work was thrown into the Department of Labour. That was about to be designated to take the census, but difficulties intervened, not of the Department's making at all, but perhaps, exigencies, I may say, intervened, which involved the creation of the Census Department; but I feel sure that sooner or later the Department of Labour will have a double side—it will have the census side added to it.

6524. The Census Bureau is not a permanent institution, is it?—No, for that very reason you have understood exactly what I meant to say. It is not a permanent institution. It would be so much the more desirable that the facts should be collected by permanent and skilled forces.

6525. Now, some of those State bureaus have also functions of arbitration and conciliation, have they not?—Not of arbitration.

6526. I thought you said one had?—No, not of arbitration but of mediation. One must make a distinction between conciliation, mediation, and arbitration. As I said, in two States it is made the duty of the Commissioner of Labour, under certain circumstances, upon the call of a sufficient number of interested parties to intervene, and try to mediate to a settlement, but in no case is he appointed, so far as I know, as either the sole member, or the head of an arbitration tribunal before whom manufacturers are obliged, or parties to a dispute are obliged, to submit their case, and have it adjudicated.

6527. Can one party to a dispute invoke this authority as against the other?—Yes, in two States only.

6528. The two States to which you referred?—Yes.

6529. Has experience shown you anything that might be improved in the organisation of

* See foot-note to question 6431.

Mr. *Courtney*—continued.

your Federal Department?—We would like very much to extend our operations. If we could get more money we could do more, but we have not had any special cause to complain. I might say this, that we desire ardently, of course, that all danger from political change should be eliminated. Furthermore, while sometimes in the appointment of our officials we have made mistakes, as will happen everywhere, we try as far as possible to have a mixed representation on the official staff. The chief positions are filled, as a rule, by university men, and those who have already some reputation as economists, sociologists, or statisticians. The special agents, or some of them, were recognisedly influential in labour circles before their appointment, men of high stamp, men not thorough out-and-out partisans of any idea or dogma, but men who had the confidence of the labour people, and were appointed as the representatives of the labour interest. Some of these men have been labourers themselves, but, as a rule, at a period considerably anterior to the time of their appointment, in the meantime having studied and informed themselves in a general way upon statistical and economic questions. Then we have also a few technicians, and we have also persons who were expert accountants or bookkeepers before. We try, as far as possible, to vary the staff, especially in relation to all those departments where special skill is called for.

6530. And up to the present these officers have luckily had a permanent tenure of their offices?—Yes, there has never been a dismissal in the United States Department of Labour, except for inefficiency. We have had some dismissals for inefficiency.

6531. Are they all appointed directly by the President?—No, that is the great safeguard of our institution, that the only man the President appoints is the head, the Commissioner; everything else is left to the Commissioner.

6532. He is uncontrolled in the appointment of his subordinates?—He is uncontrolled, except that he must accept for his clerks those who come in through the Civil Service examination. He cannot appoint anybody whom he chooses. For the special agents he appoints upon non-competitive examination, but for the clerks, as I have said, he takes those who are certified by the Civil Service Commissioner.

Mr. *Livesey*.

6533. Only one question: it was through your bureau that those statistics were obtained as to the profits of manufacturers which, I think, were published in the English papers?—We have never made any statistics of profits of manufacturers.

6534. I saw a quotation from some American publication, in the "Times," for instance, showing what had been the profits earned by manufacturers over a series of years?—That would refer to Connecticut, I think; we have never made any such inquiry.

6535. Do you contemplate going to that extent?—Not so far as I know.

Mr. *Livesey*—continued.

6536. What was the inquiry that you made then?—Upon the cost of production.

6537. The cost of production?—Yes; wages, and efficiency, and cost, and standard of living.

6538. Then you did not go so far as to ascertain what had been earned?—No, not at all, we would have considered that too delicate a question to approach side by side with the other; the other was difficult enough.

6539. But it has been done, has it not?—It has been done in Connecticut, and I outlined a few moments ago the reason—it was in order to allay particularly this spirit which had arisen in the minds of the working classes.

6540. Was that your work?—No, that was the Connecticut work. That was the object of it.

6541. And it had that effect?—It had that effect, and, furthermore, it was done so successfully that the Commissioner states that not a single complaint has ever been made of a secret having been violated or found out—of anything that ought not to have been made public being found out in connexion with it.

6542. The effect of it was to show that the profits earned by capital were not so great as was supposed?—As the labourers had thought, yes.

6543. You have made a remarkable statement, which Mr. Courtney referred to about strikes, namely, that the information you collected between 1881 and 1886 had the effect of largely diminishing strikes?—Yes.

6544. How did it have that effect?—In the same way that all of our statistics affect the public mind sooner or later. In the first place, it brought to the knowledge of the working classes themselves that strikes do not always pay—to put it mildly. In the second place, it influenced public opinion considerably away from the side of the strikers, whenever strikes were made as they were at that period, on what was known as sympathy, that is, if an employer for any reason dismissed a workman, then allied workmen would strike in the same town out of sympathy for him. We have always conceived it to be very important to educate public opinion on these matters in the United States, because that is, after all, the final arbiter, and when the facts of the case are placed before the public the public is usually intelligent enough to take the side upon which there is the majority of justice—of equity. To the influence which this report had upon public opinion, and to the actual statistical showing of the effects of these strikes in the past upon the minds of the labourers, must be accorded the better state of affairs that supervened.

6545. Then the inference would be that a very large number of strikes are due to ignorance?—My own opinion, not *à priori* at all, but based upon experience, is that a very large majority of industrial disputes are entirely due to ignorance and misconception of the real facts involved. That, to my mind, is the greatest of all merits of these bureaus of labour, that they probe to the innermost recesses to ascertain

Mr. *Livesey*—continued.

the exact facts and set them before the public and then it will not be long before public opinion will arbitrate on the right side if there is not any other tribunal to arbitrate.

6546. The bureau being a perfectly impartial body ?—Yes, that, of course, is a *sine quâ non.*

Mr. *Tom Mann.*

6547. Following up the same subject you have just dwelt upon, would you say that the number of disputes that take place in the United States at the present time is fewer than formerly ? — Yes, I say they are fewer, but I think that we must always connect the periodicity of disputes with certain commercial and industrial facts which prevail at different times. For instance, when business is brisk and everybody is prospering, of course those disputes will be reduced to a minimum. When the tide turns, and especially at the point of the turning of the tide, where the manufacturer thinks that unless his profits are to be eliminated altogether he must reduce wages, or in other ways interfere with what the labourers consider their prerogatives, then disputes are most likely to supervene. I think, therefore, I would like to answer your question with a general qualification that we must always consider the barometrical state of trade, so to speak, in connexion with these matters.

6548. In those States where the bureaus are established, have they fewer disputes on the average than in those States where they have no bureaus ?—I could not throw any light upon that question for the reason that every industrial State of any importance has a bureau.

6549. The 27 States having bureaus cover all the important industrial States ?—They cover all the important industrial States. I do not know of a single one—yes, Alabama is omitted, but then Alabama is an industrial State of very recent growth.

6550. As to the sympathetic striking to which you referred, does that occur as frequently now as formerly, or less so ?—I could not tell you so much on that, as I say I have been absent for four years, and my testimony would perhaps be worthless on that point; but in the newspapers which I get regularly from home I see much less of them than hitherto.

6550*a*. I was not quite able to gather as to whether the information supplied by the bureau succeeded in clearing away the cause of difficulty simply by the spread of information, or whether that information led to the adjustment of the difficulty ?—Simply from the spread of information giving a knowledge of the facts, and causing on the one side the labourers to see, to realise in other words, at what an immense cost to themselves strikes were indulged in, but especially putting before public opinion the economic effects of these great disputes which caused at once the exercise of certain pressure, that is, they felt that in such matters as sympathetic strikes public sentiment would be in future opposed to them. That, I think, is the great point which we must look to for the influence of these

Mr. *Tom Mann*—continued.

labour bureaus; a moral and educative influence, an enlightening influence; they are to be considered as organs of enlightenment, not in any respect as agencies of propaganda or of reproof.

6551. And taking them in that light, as institutions chiefly for the spread of information, and understanding that the condition of the American worker is improving, as shown I think by the statistics issued by the bureaus—— ?—Yes.

6552.—are we to understand that the methods by which the improvement is brought about are superior now as compared with the methods adopted to get such changes prior to the establishment of the bureau ?—Do you mean in the matter of better legislation ?

6553. Better legislation ?—Yes.

6554. And in increasing the wages, in the raising of the standard generally ?—Unquestionably. Whatever legislation has improved, and then, secondly, whatever improves the intelligence (because intelligence is the bottom fact after all in all these questions), and whatever adds to the intelligence of the labouring class must necessarily add to its efficiency.

6555. That is why it seemed to me that it was the spread of information through the agency of the bureau which led to the adjustment of the difficulty sometimes, by their recommending certain legislative changes ?—I beg your pardon; I did not understand you exactly to have that meaning when I answered as I did. I thought you had reference to some legal method of adjustment, some direct method of adjustment.

6556. No, I did not. I wanted to understand this pretty clearly, as to whether or not we may say that the standard of living of the American worker is on the increase—is rising rather than going down ?—I think so, unquestionably.

6557. And that is brought about by a number of adjustments between the workers and the employers ?—Unquestionably.

6558. And those adjustments, I understand, are now brought about under better conditions with less friction than formerly ?—Yes, with much less friction.

6559. Which is largely due to the information supplied by the respective bureaus ?—Quite so and this is, mind you, not at all the testimony of the bureaus that I am now giving you but the testimony of manufacturers. It is especially true of the Industrial States of Massachusetts and Connecticut where these bureaus have perhaps had the greatest and widest spheres of influence, where they have uniformly testified that unreasoning agitation has been reduced to a minimum, and though sometimes hard terms may be bargained for, yet there is a better appreciation of the interests of both parties.

6560. I think you said that in two States only, North Dakota and Colorado, is the work of mediation entrusted to the bureaus ?—Yes.

6561. And in no case, as far as I am able to gather, is the work of arbitration or conciliation entrusted to them ?—No, not so far as I am

Mr. *Tom Mann*—continued.

aware. I say I do not recollect having known of any case where direct arbitration has been given to a bureau, but I will make the statement with the reservation that not having the laws of all the States with me, it is possible that it may have been given, though I think not.

6562. Respecting the particular work taken in hand by the Washington bureau, is it of exactly the same character as that of the other States?—Well, hardly. Usually only such subjects are chosen as have a national or international significance.

6563. But in the event of difficulties arising in Washington, then I understand that the bureau of Washington would serve the same purposes as the bureau of Massachusetts for Massachusetts?—In what respect?

6564. If investigation is desired, if it was thought that a good purpose could be served by investigation, and report, that would be done, would it?—Do you mean in any State?

6565. Yes, in either of the 27 States, or in Washington would the same work be taken in hand by the Washington bureau?—It might be so, but it would be extremely difficult to secure the co-operation of all at the same time, because some of them are very much better endowed with resources than the others, and there would be the natural touch of the *amour propre*, you know, of the Commissioner who could not do so well as his neighbour.

6566. Do you think it is desirable that the work of mediation should be entrusted to other States?—I think not. Personally I am of opinion that it is a great deal better to confine these bureaus to their statistical functions as organs of inquiry. I say so for the reason that no matter how well intentioned may be the Commissioner, and no matter what he may do to mitigate a difficulty, there is always the danger of leaving some sore place behind in the mind either of the labourers or of the manufacturers, and therefore the future usefulness of the bureau as a department of original inquiry and of enlightenment would be seriously crippled. It requires the most consummate tact on the part of any Labour Commissioner to be able to keep himself in touch with the two hostile interests, so to speak—apparently hostile interests—that he has almost continually to be brought in contact with, and I think I can say it frankly that had the Massachusetts Bureau of Labour Statistics fallen into the hands of almost any other man than that who was made its chief, namely, Mr. Carroll D. Wright, we should have had a very different history to-day of the effects of labour statistics in the United States than what we now have.

6567. If that applies to mediation, it would apply even more so to arbitration?—Yes, even more so to arbitration.

6568. So that your own experience would cause you to speak as you have done, in saying that you think it undesirable that the work of mediation, conciliation, or arbitration should be entrusted or taken in hand by the respective labour bureaus?—Undesirable, especially that it should be made a duty. I do not say that a man must be prohibited from interfering, because evidently on some occasions it would be an advantage. In the case which I cited to you, for instance, of this great railroad strike, the mediation of the labour commissioner was well received and brought about a practical result. He must use his own judgment in that matter.

6569. You have mentioned the information that is obtained and issued in the various reports which cover, to my mind, the most important problem it is possible to deal with; have you dealt exhaustively with immigration statistics?—No, we have not dealt at all with immigration statistics.

6570. Never dealt with them?—No.

6571. Are you speaking for Washington?—Yes, I am speaking for Washington.

6572. Do you know if any of the other States have?—Yes, they have, to a certain extent; that is, it is made the duty of some of the Commissioners to furnish statistics of the immigration into the States, with the value of the household property and the possessions of the immigrant, his nationality, and his social conditions.

Mr. *Courtney*.

6573. There have also been consular inquiries by the consuls of the United States in Europe as to emigration?—Yes, but I beg that the Commission will keep in mind the entire dissociation of the United States Department of Labour with any other statistical agency.

6574. Although official?—Yes. The work that the Bureau of Consular Statistics in the States Department does, is quite different from any work which we do. Unfortunately, I fear that this dissociation has not always taken place in the minds of some who have had occasion to deal with American statistics.

Mr. *Tom Mann*.

6575. Has anything in the nature of investigation into the number of the unemployed been taken in hand by any of the bureaus?—Yes, in the different States it has. I beg to submit to the Commission a complete list of every subject of inquiry undertaken in every State of the Union—simply giving the head of the inquiry—up to 1890 (*see Appendix* CXXI.).

6576. Has that in any case, do you know, resulted in the establishment of a labour registry or anything akin to it?—I am unable to say. I know that such investigations have taken place, but I have not heard of anything of that sort.

6577. If anything did exist on any considerable scale you would know of it?—I think so.

6578. In connexion with the general service rendered to the respective States by the bureaus, do you consider that the work done by them is of that character, that it is calculated to enable the industrial problem to gradually unroll on peaceful lines?—In the

Mr. *Tom Mann*—continued.

best of them—in the States where the best bureaus exist, decidedly.

6579. Such as Massachusetts?—Massachusetts and Connecticut.

6580. And Pennsylvania?—Pennsylvania is crippled from lack of financial resources.

6581. Have you ever in the State of Massachusetts had anything corresponding to the Pennsylvanian difficulty at Homestead, of recent years, I mean?—No; and the difficulty at Homestead is one of those problems which sometimes come up when there is a wholesale displacement of muscular labour by machinery. That is rather the groundwork of the difficulty there. In the first place, there was displacement followed by a reduction of the wages of those who remained where the same skill was not exactly required of a man who occupied the same post as before, and where consequently there was a determination to pay him less.

6582. Although the labour bureaus do not take in hand the work of mediation except in the two instances given, and in no case that of arbitration, I presume you are familiar with the courts of arbitration that exist in the States?—I know something about them, yes. I have never had any practical experience with them.

6583. But the work that they take in hand has such a close connexion with the work that you are connected with yourself, that, although, there is no direct official connexion, it is really part of the same work, is it not?—Well, we would be inclined to deny that it was part of the same work. Those of us who are engaged solely with statistical effort would be inclined to believe that we had better be dissociated from anything which might cause us to contrary any party with whom we had to deal.

6584. It would seem, judging from what you have told us, and the manner in which you have stated it, if I may say so, that it is the spirit with which you approach the work?—Yes.

6585. The spirit thrown into the work?—Yes.

6586. Which enables the various bureaus in a number of instances, at any rate, to make practical proposals?—Certainly.

6587. To make recommendations?—Certainly.

6588. Which will affect either the employers or the workers, or both?—Certainly.

6589. And bring about the various re-adjustments?—Certainly.

6590. And therefore it would seem to me that the respective arbitration courts or boards of conciliation and arbitration—I do not know whether they all go by the same name—would watch very carefully and very closely the recommendations of the bureaus to serve as a guidance for themselves?—I have no doubt that is true; that would naturally follow. I know this, that there is always a perfectly good understanding between the different agencies, between an arbitration tribunal, for instance, and the commissioner of labour, and very often unofficially he is communicated with in a purely personal way and his advice sought.

Mr. *Tom Mann*—continued.

6591. Would it be outside your sphere to express an opinion upon the workings of the boards of arbitration as already established in the various States?—I do not consider myself sufficiently competent to approach the subject, that is, to give you detailed information. My own opinion is that they have served an exceedingly useful purpose, particularly in New Jersey and Massachusetts.

6592. And, speaking in the same general terms, would you think that their services are likely to be called into requisition to a greater extent in the future?—Yes, I think so. I think it is an institution which will grow.

6593. There is no sphere of industrial life that the bureaus do not attempt to deal with, apparently?—No, there is hardly any institution of social and economic life which is outside their province. It was, I may say, purposely designed that the law should be broad enough to enable them to do anything, so that they should not be hampered in any way by artificial restrictions if it became desirable at any moment to attend to a certain matter.

6594. Concerning your reports, and those to whom they are supplied, would Trades Unions be supplied with them?—Always. If you will allow me, I will read you a letter which I have received some little time ago from Mr. Hotchkiss, the Commissioner of the Connecticut Bureau, apropos of the distribution of his documents.

6595. It would be very interesting?—He says: "The question is asked whether these "reports have found their way chiefly into the "hands of the working people. This requires "an explanation. Connecticut is a very small "State—about 120 miles by 50 miles, and "having a population of about 750,000. We "distribute the reports to the towns in proportion to the population. We wish to influence "public thought, and to accomplish this we "select names of a proper number of citizens "in each town, including working people, professional men manufacturers, farmers, and "gentlemen of leisure, using especial care to "put copies in the hands of clergymen and "other teachers. By our system of distribution "we know that each copy reaches the person "for whom it is intended. Our working men "believe that it is specially desirable to put "the report into the hands of men who most "directly influence public thought. The reports "are distributed simultaneously to all parts of "the State and to the newspaper press, with "the result that we have the attention of the "whole State on the report at the same time. "You will readily understand why the bureau "has influence with the members of the "Legislature who represent the towns of the "State."

6596. The cost of the bureaus, I noticed, are increasing considerably, judging by the figures you have given?—Yes.

6597. Is the value of their work increasing proportionately, do you think?—Of course, it would be very hard to put a financial denominator for results, but I am positive

Mr. *Tom Mann*—continued.

that anyone who reads their reports will come to the same conviction, that there has been a marked and notable improvement on the purely scientific side of the work. As I said a little while ago, I am free to admit that often the first reports of any of these bureaus have about the same value as that of hearsay evidence in a court of law, but latterly they have a much higher merit I think, perhaps, you can see how these reports have been valuable by the influence which they have exercised upon legislation. It shows that people have read them; that people have studied them; have come to the conclusion that certain legislation was desirable, and have influenced their representatives to give it. The fact that this legislation, so far as I know, has never been repealed—that is, any legislation which was urged by the bureau—gives the best answer, perhaps, to your question, whether the value of their reports has increased. Then, again, one must say that there has been an exceedingly marked growth of public confidence. When the first bureaus were established every attempt to approach a manufacturer to ask for anything like private information about his business was repelled; but it is quite different now, when a thousand manufacturers, or more, in a State will allow their books to be examined by experts, and the facts reported and totalled and published; and when, as in the case of this Cost of Production investigation, where we received information in the case, for instance, of the iron and steel volume which has been published from about 450 American establishments, and about 160 European establishments. You may judge from this that in the public estimation, at least, we are considered worthy of receiving sometimes even very secret facts, because nothing would be more delicate than this Cost of Production work which we undertook; and that is precisely the work which has, I think, perhaps, succeeded the best of any which we have undertaken so far. It shows a marked growth of public confidence in our institution when we are enabled to approach people successfully in these matters.

6598. And the employers in the respective States now unhesitatingly submit their books?—As a rule. Of course there are sometimes difficulties, but as a rule that is true.

6599. Although you publish in your reports the profits made?—No, we never publish the profits made. The only bureau that I remember at the present time to have done that was Connecticut.

6600. Then Washington does not do that?—Yes, Washington never does, but Connecticut has done so. But that was done with a purpose. I do not think myself it would be at all necessary to do such a thing in our own case on a general scale. Our main point in this Cost of Production work, our particular point, looking at it from the standpoint purely of the social benefit of the working classes, was to see what the relation was between high wages or low wages to labour cost in production; and, secondly, what were the social effects of economic betterment.

Mr. *Tom Mann*—continued.

6601. Would it be fair to ask you in general terms the result of that inquiry with regard to wages; the effect of high wages upon production?—I will refer you to an article by myself, which will appear in the "Contemporary Review" for January, it would take rather too long perhaps to answer the question now. This article is entitled "The Social Condition of Labour," and in it I have dealt with the subject particularly from the social standpoint, but incidentally from the purely economic standpoint; in other words, by studying how the labourer receiving high wages and maintaining a high standard of life is able to maintain himself in economic competition without much disadvantage to his employer at the same time. I may say as regards the influence of our reports on legislation in the United States, they are bound to exercise a very considerable influence in the future. The commissioner made a preliminary report on the manufacture of steel rails, to the Senate Committee, while the McKinley Bill was under discussion, and in that instance, in nearly all articles in connexion with steel and iron, the tariff was not advanced; in some cases it was reduced; while in some of the other instances—I might say many instances, in fact—parties of both economic creeds can find comfort and consolation from the facts which we have pourtrayed.

6602. I think one of the special instructions given by Congress was to take in hand technical education in Europe and the United States?—Yes.

6603. Was that given to the Washington bureau?—Yes.

6604. I understood you to say that the inquiry was practically complete, but the report not yet published?—Yes, the report is not yet published. The printing is rather a slow work in Washington. The commissioner wrote me some time ago, that the tabulations were practically complete, yet I should think probably a delay of six months will occur before the volume will appear.

6605. I ask you whether there was any special reason, so far as you know, why that inquiry was taken in hand—why Congress gave the instruction?—I think it was the growing feeling that apprenticeship is no longer pursued in the shops under such favourable conditions as before, and an effort to see what the effects of manual training and trade instruction had been wherever practised—if they were such as to justify a wholesale introduction of the system.

6606. It was not because of a decline in any of the industries?—No, not at all. I should not, perhaps, have said "technical education," I should rather have said "manual training and trade education." Of course one must draw the distinction between technical and other subjects. Although the words of the Act, I believe, were "technical education," yet we construed it to mean manual training and trade education.

Mr. *Tom Mann*—continued.

6607. The Homestead difficulty, then, I understand you to refer to as being brought about by very special causes such as are not likely to be general?—Yes, that is the result of the information given me, and the source of this information is the president of one of the largest coal companies of Western Pennsylvania who does business with the Carnegie people.

6608. It would be wrong for us to draw the conclusion from such a state of affairs in Homestead that it was general at all in the United States?—Yes, I think it would be. That state of affairs has not been general on the same lines so far.

6609. As the bureaus necessarily deal with statistics of trade and labour organisations, can you say if they are on the increase or decrease in America?—I think they are on the increase.

6610. Do you think that desirable?—Personally, I am a friend of labour organisations—I believe in labour organisations; especially from my experience of nearly three years in connexion with this Cost of Production inquiry. Speaking the foreign languages, I exerted my personal efforts almost exclusively on the Continent of Europe, and saw the conditions prevailing amongst the labouring classes there in comparison with those where they are so much better organised in Great Britain and the United States, and that certainly makes me very positive in the belief that labour organisations, whatever their defects may be, and, of course, they have them, are an ultimate benefit, not merely to their own class, but to the trade and industry of the nation.

6611. Is it fair to ask you the special nature of your own inquiry, the inquiry that you are now pursuing?—That I am now pursuing, yes. I am just completing my inquiry into the housing of the working classes, and I have just a month or so ago come from Sweden and Norway, where I have been studying the aspects of the Scandinavian liquor legislation.

6612. May I ask after a report on such general subjects as these, is it the common practice for the bureau to make recommendations on the strength of the report?—It would not be our practice to make recommendations for the reason, as I said before, that we would be considered as trespassing upon the prerogatives of the State, but it would be clearly within the functions of a State bureau (and is actually practised by the State bureaus) to make recommendations.

6613. Reverting once again to a point we have dealt with, I understand you to take up this position with regard to the settlement of, or interfering in any way with, industrial difficulties, that is, disputes; that it is no part of the labour bureau's work, and that you do not think it desirable that it should become part of their work?—I am decidedly of that opinion. I believe that is the most useful side of our work; in fact, the greatest justification that we can have for the establishment of a labour bureau at all, is to make it an organ of enlightenment and of impartial inquiry. Its usefulness, especially on the side of being able henceforth to get the information that it wants, would be seriously crippled if it mixed largely in these matters.

Mr. *Mundella.*

6614. Your reports, except in the case of special reports, are published annually, are they not?—Yes.

6615. How long after you have completed your report is it before it becomes distributed?—That depends. Sometimes, for instance, a report may be completed on the eve of an adjournment of Congress. If one could not transmit it in manuscript to Congress, to be laid on the table of the House, we could not secure the order for printing until nine months afterwards, although it might lay perfectly complete and ready for printing.

6616. Then it would take another six months to print?—Very often. When I said six months I spoke of the existing condition, namely, that we are now on the eve of a re-assembling of Congress, and always during the period when Congress is in session, it is very difficult to get much printed on account of the pressure caused by the printing of the congressional debates.

6617. And your annual report may, in some cases, contain information that is two years old?—Yes, it may. The forthcoming report, the one about to be published, will contain information which was gathered principally in 1890 and the early part of 1891, up till May 1891.

6618. And your reports have generally filled a volume of how many pages, for instance. I will take your annual reports?—The first annual report consisted of 496 pages, the second of 612 pages, the third of 1,172 pages, the fourth of 637 pages, and the fifth of 888 pages. The sixth is not stated in the paper I have before me, but it is about 1,700 pages.

6619. Of each of these reports about how many copies would be published?—There were published altogether of the first report 72,000, of the second 62,790, of the third 67,588, of the fourth 57,606, and of the fifth 40,150. Of the last, the sixth, which is the largest report, I cannot give the statistics, as this document was tabulated before its publication.

6620. Approximately the same as the others?—Approximately. In the whole of the United States there are printed about 130,000 volumes of labour reports annually—taking all together.

6621. That includes the whole of the bureaus?—Yes, including the whole of the bureaus.

6622. The numbers you have given are the reports of your own, the central bureau?—Yes, simply for the national.

6623. And there is the expense of printing and binding these volumes; they are always bound, I think?—Yes.

6624. The expense of printing and binding is charged to the Printing Department and not to the labour bureau?—Congress gives what we call a leave to print, and the money comes out of

Mr. *Mundella*—continued.

a special appropriation which is always given us on this head.

6625. It is not debited to the expenditure of the labour bureau?—It is debited to a special appropriation which is always made.

6626. A special appropriation for the stationery department?—Not exactly for the stationery department, because we have also a small appropriation for the stationery department, and for binding books for the library, and so forth, aside from this.

6627. But it does not appear as charged to the labour bureau at all?—I beg your pardon; it does appear as charged. We have two kinds of appropriation, the regular appropriation, which is constant nearly from year to year, and a special appropriation which is given us when we say "we have got 1,700 pages to print, "therefore we must have twice as much money "as we had last year when we had 800 pages."

Mr. *Courtney.*

6628. The cost is not included in the 168,000 dollars which you say is your total expenditure?—No.

Mr. *Mundella.*

6629. It is not included?—Not included.

6630. Now as to the distribution of these volumes, are they distributed wholly gratuitously?—Wholly gratuitously.

6631. The whole of the volumes you have recounted have been distributed throughout the United States and abroad gratuitously?—Yes, the whole have been so distributed except a minimum reserve which we always keep for special exigencies. The others have been distributed gratuitously throughout the United States and Europe.

6632. You do not furnish the newspapers, or you do not publish in any other form, any portion of your reports as they arise on pressing questions, do you. Suppose you get some information that might be regarded as important, either to employers or employed in the course of a year, have you any means of giving that information to the public and of circulating it?—Yes, at once.

6633. What do you do?—Only one such case has arisen and then that was in the case of the Cost of Production Report on Steel Rails. The Senate Committee asked to be informed on the results of this in dealing with the question of the reduction or advance of the tariff on steel rails, and a special report, a small report paper covered, extending to, I should think, about 80 pages, was made on that subject.

6634. A special report on a special subject?—No, upon the same subject, a part of the same report which, in the ordinary course of time, would not have appeared until considerably later, but which was needed for a special exigency at that moment; that was communicated.

6635. But investigations made by you during the year are not given to the public or to any class of the public until you publish your annual report?—They are not given to the public, but our reports are always at the disposal of the legislature. The members of the Senate and of the House of Congress are always furnished with information naturally at any time that they may apply for it, no matter whether the report has appeared or not.

6636. But it is not in a printed form?—No, it would not be.

6637. Therefore, it is not open to the public?—No.

Mr. *Courtney.*

6638. You would not have communicated that special report to the newspapers except it had been required by the Senate Committee?—It was not given to the newspapers; it was sent to the senate committee, but of course it got into the newspapers.

Mr. *Mundella.*

6639. It must first be laid on the table of Congress?—Yes, that is the course.

6640. And go through the ordinary process of being ordered to be printed by Congress?—Yes.

6641. And then circulated by Congress?—Yes, that is the procedure.

6642. Now as to your experience of arbitration and conciliation. You say there are only two of the labour bureaus which are charged with this duty as far as you know?—Yes.

6643. But there are outside the labour bureaus in several States boards of arbitration and conciliation?—Yes.

6644. Acting as I understand under State laws?—Yes.

6645. Legislation expressly for constituting boards of arbitration and conciliation?—Yes.

6646. As far as you know, have they worked well in the various States, have you any experience of them?—I have never had any personal experience of them.

6647. Your central department has made no report, has it, on their working?—No.

6648. Then to obtain any accurate information with respect to them, one must apply to the special States?—Yes.

6649. And to the special departmants of the State?—Yes. I am sure, however, that a letter to any of the commissioners of labour would obtain the information in case one has not the address of the regular court.

Professor *Marshall.*

6650. They publish reports themselves?—Yes.

Mr. *Mundella.*

6651. Am I right in understanding that you have no national laws as to the inspection of mines?—Yes, you are perfectly right in understanding that.

6652. Nor as to the inspection of factories?—Absolutely no laws.

6653. Nor of workshops?—No.

Mr. *Mundella*—continued.

6654. Nor as to the regulation of the hours of labour of women and children in factories, mines, or workshops?—No.

Mr. *Courtney.*

6655. There is a national law about the hours of labour, is there not?—Yes, for *employés* in in the Government printing office and in naval arsenals; I had forgotten those.

Mr. *Mundella.*

6656. I am not speaking of a Government industry; I am speaking of industry generally?—Quite so; absolutely no law.

6657. Take the laws which you find here, and in Germany too, in operation with respect to the ages at which children may enter a factory, a workship, or a mine, or with respect to the inspection of the conditions of the factories, workshops, and mines, and as to the regulation of the hours of women in various industries, as to child-bearing women, for instance, and the time they may work; there are no such regulations made by the Central Government of the United States?—Absolutely no such regulations.

6658. They are left absolutely to the several States?—Yes, that is correct.

6659. And therefore it is not an uncommon thing to find one State with one set of regulations, another with another set of regulations, and a third without any regulations?—Yes, that is the state of affairs.

6660. And one State may be refusing to employ children under 13, and another may employ them as low as 10?—Certainly.

6661. And the hours of labour for children, young persons, and women are also differently regulated according to the will of the different States?—Yes, certainly, even for adults, even for men.

6662. Is there a regulation in the principal States, as far as you know, of the hours of labour of adults?—Yes. In most of them 10 hours a day is the legal day's work; in many, however, 11 hours a day; in some places no regulation at all.

Mr. *Courtney.*

6663. But where there is such a statutory day of labour are employers and employed bound to observe it, or is it merely a normal day?—I am sorry to say that my opinion is that it is not very generally observed.

6664. Quite independently of whether the law is enforced, is it a normal day laid down, or is it a day which ought to be observed as a matter of law?—It is specifically prescribed as a matter of law.

Mr. *Gerald Balfour.*

6665. Is overtime allowed?—Yes, in some States. In many States these laws are made a dead letter by the interposition of the clause, "without contract to the contrary," "unless there "is a contract to the contrary," and so forth.

Mr. *Courtney.*

6666. That is what I meant to say. It is a normal day which is prescribed, but employers and employed are quite at liberty to vary it?—I beg your pardon. That which I have just outlined was originally the practice, it was the original form of the law; but it has been amended now in some of the most advanced States by the elimination of that clause.

Mr. *Mundella.*

6667. But it is within your knowledge also that in many States where there are statutes regulating the employment of children and women in factory and other labour those statutes are not enforced?—Very true, and that one can see, for instance, if you take the reports of the State Labour Commissioner of Missouri. He firstly raises the question, "How are you going to pre-"vent the employment of children under age "in factories when you find the parent and the "manufacturer both combining to declare that "the child is of age?" and he says that a distinction exists between factory age and real age.

6668. Also it is notorious, is it not, that in places like Fall River and some other places, where they employ French-Canadian children, the laws even in the State of Massachusetts are in abeyance as affecting those children?—Quite so.

6669. And on all questions of this kind your bureau makes no reports or representations, but simply states such facts as come within your own knowledge, so to speak, without note or comment?—Our bureau does not make any comment, but the State bureaus, that is the best of the State bureaus, always do. You will find in the reports, first, an introduction, where a general *resumé* is made of the most notable events during the past year, and if any infraction of the existing legislation has come to the notice of the Commissioner recommendations are made accordingly.

6670. Yes, but always confining himself to his experience in his own State?—Always, yes.

6671. And you confine yourself strictly to a statement of facts?—Quite so.

6672. And not of opinion?—Quite so.

Mr. *Plimsoll.*

6673. In the reference which appointed the labour bureau, and which you read this morning, I believe you were instructed to inquire into the existence and the nature of trusts?—Yes.

6674. Has any inquiry been made on that point, and if so, has any report been presented?—No inquiry has yet been made upon that.

6675. I think you said also that you had been in Europe for years?—Yes.

6676. So that at the time you had left the United States, the bureau was quite in its infancy?—Yes.

6677. Still, I imagine, that with your newspapers and correspondence you are better acquainted with what has been done in America

Mr. *Plimsoll*—continued.

in this regard than people in England, who know nothing of it. Have you any knowledge of the subject of trusts?—I have no special knowledge of it. I know, however, that the question of dealing with trusts by legislation has from time to time come before different state legislatures, and has even been before the United States Congress. But as far as the Congress is concerned, I know of no practical legislation. These matters are especially brought forward by members of what we call the farmer's alliance party.

6678. I ascertained while I was in the States recently, that nearly 500 of these trusts have been formed, that is to say, that 71 were formed in 1888 and 1889, and that several of these 71 combined several others, so that altogether there were 490; have you any reason for doubting that?—No, I have no reason to doubt that.

6679. Is it true that when they have got the monopoly of the supply of an article which is used all over the States, they sometimes resort to the practice of shutting down mills and closing factories, so as the better to enable them to raise the prices?—Yes, I believe so.

6680. Have you any knowledge of the effect which they have had upon prices to consumers?—I have no personal knowledge, except that which came to me at one time, quite casually, through meeting the brother-in-law of the president of one of these trusts. He gave some very startling figures as to his brother-in law's profits on business during equal periods of time, they had advanced something in the ratio of 300 or 400 per cent. That, of course, is mere statement, and I do not make it with any authority whatever; it was a statement made to me by a brother-in-law, as I say, of the president of one of these trusts.

6681. Is it true that the original capital of the Standard Oil Trust was only two millions and a half, and that one of the people connected with the trust is drawing nine million per annum profits from it?—I could not say the exact figures of the original capital of the trust, but it is generally supposed that the figures which you quote are true in relation to the profits. It must be remembered, however, that the capital of the trust has increased very much from accumulated earnings since its origin, and that it has taken over immense numbers of businesses. There is some arrangement in order to give it a legal status, by which this does not appear as advancing the capital, but appears in the possession of the stockholder as a share certificate, or something of that sort.

6682. Is that not called, generally, watering the stock?—Not exactly watering the stock. There are laws in some States against trusts which, if the trust is carried out, have to be circumvented in some way or other. This, I think, would be considered some such method, but I do not state it positively; I give now only general impressions, which have come to me from reading on a subject with which I have not been brought particularly in contact during the last four years.

Mr. *Plimsoll*—continued.

6683. As these trusts consist exclusively of capitalists and the invariable effect is to throw up the prices of the things produced to the consumer, can you conceive of anything more vital to the interests of the workers than the existence or non-existence of these trusts?—It is a very vital matter, not merely to the workers, but, of course, to all consumers, but it has been found in some cases at least that trusts have not had a tyrannical influence over labour. We have, for instance, a writer in America, who is read a great deal by the working classes and whose opinion is respected by them, he is, by the way, an English manufacturer by origin, Mr. George Gunton, who maintains, and attempts to prove in his book, that trusts far from being inimical to the interests of labour, are favourable to it. It certainly does not follow, however that with a large industry, like the iron industry, for instance, supposing it to be federated into a trust, that it is really so. In Western Pennsylvania, for example, if a combination of employers decided that they would not pay the same rates of wages as hitherto, and if they were powerful enough to carry that out the result, of course, is very bad for the working people. I cannot say to what extent this has yet happened in the United States, but it must necessarily follow that if people proceed in their capitalistic relations on the principle of aggrandising as much as possible, it affords the best opportunity for carrying out this view.

6684. And the general advance of prices is prejudicial, of course, to all, but chiefly and more especially to the working people?—To be sure.

Mr. *Austin.*

6685. In what spirit do the trades union look upon labour bureaus?—The labour bureaus were at first, and have practically always since been originated in response to the directly expressed wishes of labour organisations.

6686. Do the trades unions supply you with information willingly?—So far as our experience goes, yes. In our strike investigation we found them very willing co-operators. But I cannot speak in every case. My knowledge of the detail of the investigations of the different States is not sufficient to enable me to make any positive statement. If I judge from what the Commissioners say in their annual reports the trades unions co-operate heartily with the Commissioners.

6687. Did you state that there was no recommendation for the settling of disputes in the report on strikes that you published dealing with the five years from 1881 to 1886?—I did not say that. I said there was no recommendation as to legislation. The facts were set forth; for instance, we gave a tabulation, a statement of conspiracy laws passed in the United States from the earliest point down to the present, we showed what the legislation in the different States already was in relation to these subjects; and by putting those side by side without making an invidious distinction between States by saying, "Your legislation is not so good as

Mr. *Austin*—continued.

"that of another, therefore reform it." We did not make any textual recommendation to the different States, but the mere fact of putting these things together side by side gave people the opportunity for judging, and, of course, indirectly we did make a recommendation.

6688. Was there any action taken by the various States on the presentation of that report?—That I cannot say.

6689. But you think the fact of publishing it had the effect of decreasing the number of strikes?—I do.

Professor *Marshall.*

6690. First one question arising out of what Mr. Plimsoll said. You said that there were many people who thought that trusts were not unfavourable to labour; did you mean to labour in the capacity of wage receivers?—Yes.

6691. You do not doubt that they are generally unfavourable to labour in the capacity of consumers?—Yes; I meant to labour as wage receivers.

6692. The experts of the Bureau have, I understand, all come to the conclusion that trustworthy information can only be collected by agents on the spot?—Yes, that is true.*

6693. Could you explain to us a little more fully all the advantages of that method over the method of collection by post?—I can explain by illustrating the experience of the Connecticut Bureau of Labour. I think it was the Connecticut Bureau from which were sent specially prepared blanks to the families of several hundred labourers, asking them to kindly keep accounts of what they spent for a month, I think it was, or two months, and to enter everything on the blanks. They found that a great many people started, but very few kept it up throughout, and this very curious reason was given. Some of the better paid labourers said, we did not continue it because we were afraid that our receipts being large, and therefore our standard of living being more comfortable, we would get too many of that side, and some of our poorer brethren who are less intelligent and do not get high wages, and do not therefore live as well as we, would not keep up the tabulation of these things, and thus we, or rather not we but the whole labouring class, would be shown at a disadvantage in the State, that is, the manufacturers would say, "Why, here the "majority of the cases represented, which of "course must be typical as this is a representa-"tive inquiry, go to show that the people are "living on a very high plane, therefore they "can very readily stand a reduction of wages." It is motives of that sort, which may or may not have any foundation of fact, added to the natural inertia of people to exert themselves

Professor *Marshall*—continued.

to give such detailed statistical information as must be received to make a satisfactory report on any subject, I do not care what it is, which make it thoroughly impossible to expect anything from the sending of schedules, except, perhaps, the entering of tabulations which already exist amongst the people who are asked to give information.

6694. What is the feeling of the working classes with regard to the expenditure on the bureau; are they inclined to be stingy or not?—The working classes, are by no means stingy. Always you will find that each of the principal labour organisations in the United States has what it calls its legislative committee, that is a committee who go to the State capital from time to time, while the legislature is in session, and urge the passing of legislation in which they are interested. You will find invariably that part of the efforts of that legislative committee is bestowed on securing a good appropriation, even an increasing appropriation, for the labour bureau.

6695. But you are probably aware that in this country the money to be spent upon labour statistics has been rather scarce?—I have understood so.

6696. Supposing that our resources should not be increased quite so much as some of us would wish, what would you think were the relative advantages of many inquiries conducted by post, and of few inquiries conducted by special agents?—It altogether depends on whether you will content yourself with undertaking a high class of statistical work or what one might call certain easy subjects of investigation. If, for example, you were going to make an inquiry into, say, the workings of the factory law, I can conceive at once how by a little co-operation with your factory inspectors you might arrive at a very valuable result by placing into their hands certain schedules of information which they could very readily fill out, and which would not cost them much effort. But if you are going to pass beyond the range of compilation in any degree, and to get into the range of original inquiry you will find that there is but one satisfactory method to adopt, and that is to the principle of sending special experts to get the facts on the ground.

6697. I think you said something about the importance of combining census work with labour bureau work in order that there might be one set of high class workers rather than two less highly trained?—Yes.

6698. You told us, I think, comparatively little about the census which was made by the Massachusetts bureau; could you tell us a little more of that?—I knew all about it at the time, but I cannot trust my recollection to give you a sufficiently general account. If you would care to ask specific questions, possibly I could recollect the facts.

6699. Was the ordinary work of the bureau suspended for the time?—No, but certain sections of the census report which were made a speciality of, so to speak, that is, containing slightly added information which would make

* On Feb. 23rd, 1893, the Witness forwarded to the Secretary, for the information of the Commission, a Memorandum on "Methods pursued by the United States Department of "Labour in the collection and tabulation of data," together with "an almost complete set of schedules of questions." These are printed in the Appendix. See Appendix CXXII.—G. D.

Professor *Marshall*—continued.

them more presentable, were made the subjects of annual report contemporaneously with the preparation of this census report. I may say that while being a separate report, it dealt with the same subject developed to a higher extent, that was all.

6700. But a good number of the permanent officials of the bureau were told off to do the census work ?—Yes, they were ; the census work was done distinctly by the bureau.

6701. So that they had not much force left for their ordinary work for the time being ?—No.

6702. But their ordinary work need not be evenly distributed over different years; their ordinary work is of such a kind that it would be possible to do less of it in the census year ?—Yes, that would be easy. For instance, in your statistics of manufacture, you are collecting statistics as to the nationality of the workers, and, perhaps, their social condition, the size of their families, the kind of houses in which they live, and so forth ; those statistics can be very advantageously taken out and made into a separate report.

6703. The bureau, I think, choose every year some subject which they inquire into in detail ? —Yes.

6704. And in the particular census year, of course, it would take either a light subject or no subject ?—Quite so.

6705. One thing I did not quite understand, as to the choice of those subjects; you said first that the choice rests always with the Commissioner, but afterwards I understood you to say that Congress would make a requisition ?—Yes, very true ; but I distinguish between annual reports and special reports. The annual report must under the terms of the law be made every year, and the Commissioner's discretion is only called into play for these reports The Commissioner has the faculty of making special reports if he chooses, but as a rule, they are on subjects which Congress has asked us specially to inquire into. If I may be pardoned for the reference, one of my own reports, that upon Scandinavian liquor legislation for example, will come in probably as the first special report which our department has yet published. It was not ordered by Congress at all, and it is purely in the discretion between the Commissioner and myself.

6706. You are acquainted with the methods of inquiry pursued in England, as, for instance, by a Commission of this kind, with assistant sub-Commissioners, to make inquiries upon special points ; has that method been customary in America ?—Obtaining information by correspondence ?

6707. By a Commission, and by special sub-Commissioners ?—Yes, that is the method adopted in some of the States, which have limited resources.

Mr. *Courtney*.

6708. Has there not been federal inquiry of that kind ?—Through correspondence ? Never on the part of the Department of Labour.

Mr. *Courtney*—continued.

6709. No, between other departments ?—Yes, notably in education statistics. The educational bureau is very poorly subsidised, and such statistics come in that way.

6710. Was there not recently a commission of inquiry into the working of the railway systems of Europe ?—I do not know ; if so I have not heard of it. We have, however, a very good statistical department in connexion with our own National Railway Commission which has been recently created, and is doing very good work.

6711. That to which I refer was made before that commission was created ?—Was it ? That I do not recollect.

Professor *Marshall*.

6712. Have you had the means of comparing the method of inquiry by Commissions with that by Bureaus of Labour ?—We have had numbers of inquiries by legislative commissions or commissions appointed by the legislature, not necessarily from amongst its own members only, but including some of its own members and outside parties.

6713. Inquiries conducted very much on the same plan as this Commission is being conducted now ?—Yes, receiving evidence and making a report thereon.

6714. And gradually a system of inquiries by Bureaus of Labour has grown up side by side ? —Yes.

6715. Have they competed for the field of employment, and what has been the result of the struggle ?—The Commission has been distanced.

6716. Can you give us any detail of that struggle for supremacy ?—I do not know that we have had a great struggle for supremacy; but it has come to be generally recognised, even by legislators themselves, that they can much more quickly arrive at the facts through the accurate information which has been digested and put into presentable shape than is possible by taking up several large volumes of undigested testimony, and seeking for facts through contradictory statements without reference to any attempt at classification. I think one great superiority of the method on, what I may call, the technical side is that it gives information more readily accessible in better shape to be understood, and with a far greater assurance that it is accurate. In other words, it is a ratio of representative opinions or conditions rather than a series of opinions which may be entirely contrary one to the other. So much for the technical side. Then from the political side, the system has superiority over the system of inquiry by legislative commission in that it is absolutely non-partisan, and it has no purpose whatever to serve except to arrive at the facts ; and its peculiar position is such that it would not dare for a moment, even though it could, to give any undue turning to the facts one way or the other, because in the future, when the other party came in, it would be a very bad thing for the bureau.

Mr. *Gerald Balfour.*

6717. Might not inquiries involving questions of policy still be left advantageously to commissions even in the States?—They might be. But then, for instance, such a question as the cost of production is a question which involves policy. It very deeply involves industrial policy; but yet it was distinctly considered that it was far better to put that in the hands of our department than to attempt to get at the information in any other way; but we made no recommendation.

6718. Commissions are usually asked to report as to whether certain lines of policy should or should not be adopted. But I understand your bureau would not be invited to make recommendations as a rule?—Not as a rule; sometimes. In the case of certain State bureaus it is expressly required of the commissioner that he shall make such recommendations as he may think fit for the more efficient conduct of his department, and also for legislation.

Professor *Marshall.*

6719. I suppose the fact that Washington is not the capital of the United States for all purposes, as London is of England, makes the working of Commissions a little more difficult than here. Is not that not so?—Commissions do not necessarily sit at Washington.

6720. Our English traditions, and the special facilities which London gives for inquiries by Commissions, would probably make us continue Commissions even though we had a labour bureau. We, for instance, have appointed Assistant Commissioners?—I am not sure that I understand exactly what you mean. Perhaps we know them by a different technical appellation.

6721. This Commission has appointed a number of gentlemen, chiefly barristers, to travel over specified parts of the United Kingdom, and make reports as to agricultural conditions in those parts, and especially as to the conditions of labour in those parts. Are you of opinion that that work, for which people have to be got with no special training, would be better done by the trained officials of a bureau?—Decidedly. I would not hesitate to say so, no matter in connexion with what industry or what the institution attempted to investigate.

6722. With our English habit of Commissions would you regard it as a proper function of the labour bureau to take over from the Commissions special inquiries?—Provided you endowed it with sufficient resources, so that its work might be made a success, and not kill it in the beginning by asking it to do what it is impossible to do on limited means.

6723. I will now ask you with regard to the question of the difficulties arising as to business secrets. Are your agents generally able not merely to get reports from firms, but actually to go over their books?—Speaking from experience, no facts that were published in connexion with the Cost of Production from the continent of Europe were taken from any other source, and I have personally had the books in my hand and gone over them carefully, and abstracted the facts

Professor *Marshall*—continued.

therefrom, and in connexion with wage statistics my assistants have done so.

6724. That implies that the manufacturers know that they are dealing with men of professional honour?—To be sure. On the continent of Europe especially our department is known not merely amongst professional men and scholars and publicists, but even among business men (some of the more notable ones, to be sure) as having conducted these inquiries in the past without any detriment whatever to the persons giving the information, and they have been willing to respond; but, of course, one must not jump to the conclusion that everyone who was asked liberally responded. I should think my own proportion of successes in ratio to failures, after a very great deal of effort, would perhaps be 2 to 10. But then you must understand that we were doing pioneer work, and that this was the most delicate of all subjects that we could investigate.

6725. And also that the professional reputation of the bureau has not yet had many years to grow?—Not many years. The professional reputation of the national bureau is largely due to the personal reputation of Mr. Carroll D. Wright, its chief, who had successfully carried on such inquiries before in Massachusetts, and who, so to speak, educated public sentiment up to the point when they would confide in them.

6726. May not the information that a business firm could give be divided into two classes; that is information which he would usually and generally be able to keep secret from his rivals in the same trade, and information which people in the same trade would be sure to possess?—Quite so.

6727. And there would be no reason for refusing to give information as to the latter?—No, I should think not.

6728. But you must not introduce a single item of the former class in that inquiry?—No. One must be careful, of course, especially in the beginning. These things are largely a matter of education. I remember, in one instance, I received all the facts that I was seeking in relation to cost of production from one of the very largest iron and steel works in existence in the country of which I speak. After it had been given the Director-General told me that he had never given such facts to any of his directors, nobody except the president of the company knew them; and furthermore not even the chief of the subordinate department knew them.

6729. Now I want to get back to the question of the relation between the census and the bureau. You are aware, perhaps, that the English use of the word "census" is much narrower than the American sense?—Yes.

6730. The function of the Bureaus is to seek types, I think you said?—Yes.

6731. And to examine them carefully?—Yes.

6732. May it be said that their investigation is intensive while that of the census is extensive?

Professor *Marshall*—continued.

—Quite so. The one deals with ratios, the other with totals you might say.

6733. Is it true that the value of these two together is very much greater than twice the value of either separately. I mean if you can get rough general statistics of the whole trade and exact minute statements of the types of trade you are more than twice as well off as if you had either half?—Yes.

6734. Using the word "census" in the broad sense you would, I suppose, think that printed forms should be filled up?—To a very large extent, yes.

6735. And these might contain all that knowledge which a man has no reason to desire to hide from his rivals?—And which he has readily accessible. That is a very important consideration.

6736. Would you say that outside of the population statistics it might be worth while for the English bureau to make some of its investigations by printed paper, such as the size of establishments, the number of *employés*, the rateable value, and similar things with regard to agriculture?—I should think those could be very readily answered by the use of printed forms especially in connexion with your taxation authorities, whoever they might be. Certainly I think a very great deal of valuable information which has not been accessible might be obtained in that way.

6737. So that when you said that you thought all the inquiries, other than census inquiries, should be conducted by skilled agents on the spot, that I think arose, although I did not notice it at the time, from the fact of your using the word "census" in the American and not in the English sense?—Yes, quite so.

6738. As regards the expenses of the Massachusetts Bureau, 10,800 dollars, does that cover the expense of the annual report, and the report on manufactures?—No, it does not cover the expenses of the report on manufactures. There is 6,000 dollars in addition for that.

6739. And the census is an addition?—The census is an addition, yes; I may say that the manufacturing statistics have been required ever since the year 1886.

6740. The range of inquiry of the bureau has been extended beyond labour questions in the narrower sense of the word, I gather?—Yes.

6741. What are the reasons for that?—The primordial reason was that the bureau made such a success of the statistics of manufactures, that it was thought to be desirable to continue them, and to continue the principal elements of those statistics from year to year, instead of waiting every 10 years for the State, and every five years for the federal census.

6742. May it be put in this way, that special subjects of inquiry, not strictly industrial in their nature, are handed to the department, because it is the most skilled investigating body in the States?—To be sure; you may very readily say that.

6743. As to the three orders of untruth, a fib, a lie, and statistics, do you think that public opinion is getting to recognise that there are statistics which do not belong to that class?—I am very positive of it. I am speaking of course now specially with regard to my own country, but I believe there is a general recognition of it elsewhere.

6744. You hold that public opinion is an ultimate force by which that condition of things may be remedied?—I do.

6745. I suppose hitherto public opinion has been dependent to a certain extent upon statistics supplied by writers in current literature?—Yes. Perhaps not so much so upon statistics supplied as by dogmatic assertions which have been made by writers, the mere mention of whose name in times past was sufficient to either condemn or to cause approval to be expressed on any subject. But my own personal opinion is that the days of the *doctrinaire* are numbered, whether he belongs to the socialistic or to the *laissez faire* type; that especially in these days, when the democracy is becoming conscious of its power, and is securing more and more influence in the State, we must be careful that it becomes intelligent and enlightened on matters of State policy, and the more so as we now have incessant demands in all countries for what may be called social legislation from year to year. I think, therefore, it is exceedingly important that the Government should furnish organs of enlightenment which may be able to put into the hands of the people, an exact statement of facts relating to the conditions which surround them, and which form in their minds to a large extent their subject of thought, because if you do not do that you may be sure that you will find in their hands sooner or later a socialistic catechism, or anarchist tract.

6746. I suppose if people cannot get trustworthy statistics they will use untrustworthy statistics?—I think that is the experience. In statistical parlance we speak of two kinds of statisticians, the statistician proper and the statistical mechanic. By the statistical mechanic, we mean the man who has, so to speak, sketched out in his mind the edifice he wishes to construct, and who will then choose simply such bricks as will build the building he wants to have, while discarding others which will not fit. This type, unfortunately, exists to a considerable extent.

6747. In this country we have to contend somewhat against the notion that statistics are apt to be false, and therefore it is not worth while to take much care about them. Would you hold with that, or would you not hold that since statistics are sure to be used, therefore, seeing how much depends upon them, it is essential that you should have accurate statistics?—I should decidedly. I think in all realms of social inquiry, all nations are going in the dark in matters of legislation, unless they are enlightened by well conducted statistical demonstration of facts.

6748. You have had special opportunities of observing whether that movement is general, I think, in particular at the recent Statistical Congress at Vienna?—Yes; unquestionably the

Professor *Marshall*—continued.

movement for the development of labour statistics is taking a very wide extension everywhere. I remember at the Congress, which was held in Vienna last year, the Congress of the International Institute of Statistics, the bulk of the more distinguished statisticians enrolled themselves as members of the committee on labour statistics. That was the first indication. The second thing which resulted from the Congress, was a resolution from this committee urging upon the attention of different Governments the importance of organising statistical agencies to deal, in a greater measure than hitherto, with labour and social questions, with the expressed conviction of opinion that that was the most satisfactory way in which we could approach the study of the subject. Since that time there have been called into existence commissions in Austria and in Germany to study the question, in order to find out in what direction they can best enlarge the study of labour and social statistics. I had a talk the other day in Berlin with Dr. Geheimerath Von Scheel, who is the Director of the Imperial Statistical Bureau, Berlin, in which he said that they were now discussing the question, and that it was only a matter of a short time when they should have, if not a distinct bureau of labour statistics, at all events, a development on one side of his department which should consecrate itself solely to that work. I had a letter a short time ago from Dr. Inama-Sternegg, who is the president of the Imperial Statistical Commission in Vienna, asking me for information in relation to the latest development of American labour statistics, saying that they were determined to extend the the Central Statistical Commission in Vienna, by adding to it a section which should give itself to the study of labour statistics. Shortly before that I was in Norway, and in conversation with Dr. Kiaer, who is the chief of the Royal Statistical Bureau of Norway, he told me that he was, on his own responsibility, without an increased appropriation, giving himself now to the collection of labour and industrial statistics. The other day in Brussels, I had an exceedingly interesting conversation with Mons Baeerenaert, the Prime Minister of Belgium, and Mons. Leo de Bruyn, the Minister of Agriculture, Commerce, and Industry, and both of them told me that they were organising a distinct labour bureau, on the model as far as they could make it applicable to their country, of the Department of Labour of the United States. Still a little further back, I had the pleasure of assisting at the organistion of the French Office du Travail, and giving information before the superior council in somewhat similar fashion to what I am now giving you to-day. These things, I think, are plainly indicative of the fact that nations are becoming alive to the point which I have just been endeavouring to make, not to the experimental or possible benefit, but to the certain benefit, judging from the past utility of these organs of original social inquiry.

6749. Do you think it is a general opinion that half a century ago England led the world in the matter of the investigation of the condition of the working classes?—I should think very probably.

6750. Do you think that opinion is so general now?—You ask me a very pointed question, especially as you are extending to me such hospitality, but I must be frank and say I think the opinion is that England is a little behind on this subject, that is in the development of labour statistics.

6751. And if we were for long to remain as we are now, with no organised body of trained investigators, we should be alone in that respect among civilised nations, should not we?—If you leave the matter two years hence, my opinion is you will be alone amongst the principal nations.

6752. With regard to the functions that a bureau should undertake, we have already discussed the census, and I think you have said that factory inspection might be, but in your opinion should not be, under the control of the bureau?—I think that is the least objectionable feature to add to it. If you are going to add any I think the fewest objections could be raised to that, but my own opinion is that it is better not to add it.

6753. You think that with the factory inspectors under a different department the labour bureau might be empowered to requisition them for certain information which they could easily supply?—Decidedly. That is the practice in France. The Office du Travail, considering the resources of continental countries, has not a limited appropriation; at the same time it is not a large one, and it is now making a very thorough and careful investigation into wages, in mines especially, and a cordial co-operation has been established between the mine inspectors, who belong to another section of the French Government, and the bureau, with the result that they are collecting their mine statistics at no cost to themselves through the mine inspectors, and as regards the factory inspectors they are using them in the same way. All this teaches that it is quite feasible for a cordial co-operation to be established between the *personnel* of factory inspection and the bureau, though the former belongs to an entirely different department. I say it is quite feasible that it may be established, and with very great utility.

6754. But with regard to arbitration, mediation, and conciliation, you think it would be highly inadvisable that they should be combined with the work of the labour bureau?—I think decidedly it is inadvisable to make any legal requirement in the matter. I do not think it is always advisable for the head of a labour department to stand idle in any great dispute which goes on between labour and capital. On the contrary, I think it is better for him to take an interest in it, and if he should judge it opportune to attempt to mediate, to do so, but that his judgment of the circumstances must determine his action. I think you ought not to fetter him by any legal responsibilities in the matter.

Professor *Marshall*—continued.

6755. You made just now a distinction between mediation and arbitration; would you kindly give what, as you understand it, is the distinction between the two?—I conceive arbitration to mean a judicial settlement of a difficulty which has already grown into an open dispute. I conceive mediation to be the good offices of an outside agency coming in to seek either to avoid a rupture, or if the rupture has once been actually made, to endeavour to smooth it over as quickly as possible, without assuming the responsibility of making a positive award. I assume arbitration to necessarily carry with it the idea of a judicial award one way or the other, whereas mediation and conciliation do not.

6756. Is it true that mediation has been much more successful in America than arbitration?—I could not say positively that it has. My own opinion is that it has. I could not quote facts in support of that view, but my own opinion is strongly that it has been.

6757. One of the chief functions of mediation would be to bring public opinion to bear?—Quite so.

6758. Should a court of mediation have the power of summoning evidence?—No, I think not. I think that the power of summoning evidence should only belong to a court of arbitration, and that a court of mediation should operate rather on a moral than on a legal basis.

6759. You said that the publication of the reports with regard to industrial disputes had had the effect of diminishing those disputes?—Yes.

6760. Would that be partly by making each side know that if they did things that seemed just only to themselves, other people would soon have the opportunity of forming an opinion on the matter?—I think unquestionably that they were made to feel that public opinion would have a better chance now to decide on the equities of the matter, but I do not wish to be understood, in speaking of these matters, that the bureau report only influences the strikers; I believe it exercises quite as much influence on the manufacturers, because the probability is that the number of cases where one is in the right, about equally balances the number where the other is in the right.

6761. I carefully used the phrase "industrial disputes" rather than strikes?—Quite so.

6762. Is it the case that public opinion acts not only by making people willing to accept a reasonable solution of a dispute but also by making people unwilling to do things which would be a reasonable cause of dispute?—Unquestionably.

6763. Do you happen to be acquainted with the constitution of our Board of Trade?—In a general way.

6764. You know that it has several departments, a railway department, commercial department, and so on?—Yes.

6765. I suppose that the Washington Labour Bureau, being responsible directly to the President, could not very easily, so far as I understand it, be copied under the English

Professor *Marshall*—continued.

Constitution?—No; I do not see that the exact organisation could be.

6766. It would be necessary that it should be in some way or another responsible to a minister?—Yes, I believe so, for the reason, would it not, that your ministers are responsible to Parliament, and not primarily to the Sovereign.

6767. Exactly?—Whereas our ministers are responsible only to the executive, and not to the Legislature, except that they may be impeached by the Legislature for malfeasance in office, but their relations are directly with the President, and through him with the Congress.

6768. Under these circumstances should you see any objection to the constitution of a ministry of industry which should on the one side take over the existing work of the Board of Trade, and, on the other side, should be a Board of Labour, that Board of Labour having several departments under it, one being for statistics, and another for arbitration, or rather mediation. Should you think that there was any harm in there being an arbitration department and a statistical department under the same parliamentary head, but each with its own permanent head?—I think there would be this objection, that as regards arbitration there might be a tendency for awards to be one-sided. Of course, I am not speaking with any particular country in mind. I think wherever you have a political head to any institution, who mixes directly in the affairs of a department, such as naturally the head of this new department of industry would, he has a policy to maintain, and that, therefore, if you give to him the functions of arbitrating in industrial matters, it might possibly be that in time it would resolve itself into an institution which operated to the benefit of the class which had the majority of influence in the political party that happened to be in power. I think that would be one objection purely from the political stand point. I think on the other side, as regards a ministry of labour, that the minister should not himself be the one who conducted the inquiries, or have anything to do with the inquiries except perhaps to name them, that there should be a responsible statistician who has a life appointment, is thoroughly competent, is thoroughly independent of everything, and whose reports will be recognised as not having the slightest political taint about them one way or the other. We have had proposals time and again in the United States to erect the department of labour into a ministry of labour, giving its head a cabinet position, and this has, of course, flattered the *amour propre* of the unthinking men perhaps amongst the labouring people, but it has always been regarded as unwise by the more sober thinking people of all classes; because with a change every four or eight years as the case may be of the cabinet officer, there would come in the minds of the public the view that the policy of the labour department would change with the change of ministry, that it was no longer a purely statistical agency, but it was meant to work in harmony and in co-operation with the

Professor *Marshall*—continued.

political party that then seemed to be in power. Those are the objections which I have to it, and furthermore this objection, that I think it is unwise to give any judicial powers in relation to industry to a man who at the same time is a politician who is dependent upon the suffrages of the people for his public career.

6769. But granting all that, if we take it as necessary under the English constitutional practice that the permanent head of the statistical bureau should in any case be responsible to a parliamentary chief, and that that parliamentary chief should be in the same cabinet and share collective responsibility with the parliamentary chief to whom the head of the Arbitration Bureau is responsible,—if we assume that that could not be avoided, do you think there would be any great harm in having the permanent chief of the Statistical and of the Arbitration Bureau responsible to the same parliamentary chief?—Oh, not at all; but would it not be better since the English people are already accustomed to the name of the Board of Trade, and in the public mind certain functions are connected with that; instead of creating a new Ministry of Industry, say, where naturally the things which would strike the public would be these new and added functions, and therefore cause them to expect something from them—would it not be better to leave the name of Board of Trade as it is, and create two separate bureaus under the present Board of Trade with their chiefs, independent of one another—bureaus independent of one another, but accountable to the same responsible head.

6770. It leads, I think, only to a question of words?—Quite so.

6771. The proposal, as to which I was asking your opinion, was, that the Board should be called the Board of Industry, and that it should have two halves—the Board of Trade as it is now, and the Board of Labour?—Would you not give it any other functions? Did I understand you to say that this new institution would take over the existing functions of the Board of Trade?

6772. Yes?—Then there would be added functions, would there not?

6773. A Board of Labour would have new functions entirely, except that what little is now done for labour by the Board of Trade would be passed over to the Board of Labour?—What I mean is this. Aside from the Board of Labour and the Board of Arbitration, there would still be other bureaus or other boards which now exist, would there not?

6774. I was asking you not as to a Board of Arbitration, but a Department of Arbitration under the Board of Labour?—Yes. But would there not still exist other departments which now belong to the Board of Trade besides those two? Or do I understand you to mean that you would create a new Ministry of Industry which should contain only these two subordinate departments.

6775. The Board of Trade as at present constituted contains many departments?—Yes.

6776. The proposal was that all those Departments should remain there, except of course that the Labour Correspondent would be transferred to the other side?—Yes.

Professor *Marshall*—continued.

6777. On that point then the Board of Labour would have a Department of Statistics, a Department of Arbitration, and perhaps a Department of Agriculture, the first two at all events?—Personally, I think it would be better if you added the Department of Agriculture, if you are going to create a new Ministry, because I think my objections would hold good if you had simply the arbitration and the labour statistics with a responsible Minister at the head. The people in time would expect from it a certain policy, and that the policy would change with the change of administration; but if they are made under the existing Board of Trade two separate bureaus which are well endowed and are quite capable of undertaking these new duties, I do not see that it would matter very much.

6778. You understand that in the plan on which I am asking your opinion the parliamentary head of this Board of Labour would be responsible for a great number of things of which the department of arbitration, if there were one, would be one, and he would be responsible for the whole of the present work of the Board of Trade?—I understood you to say you were going to have in the new Department of Industry only those two bureaus.

6779. Yes, but the Board of Trade, including the whole of the Board of Trade as it is now, except the labour correspondent, that is including many departments, and then the Board of Labour, including such departments as migh te constituted under it, of which two, at all events, would be a Department of Statistics and a Department of Arbitration?—Do you mean then that the existing Board of Trade should remain and that there should be added to it two functions.

6780. Yes?—I did not understand you in that way. Now that I understand you I should say I think that is the only possible expedient you could have under your English constitution and practice.

Mr. *Gerald Balfour.*

6781. You regard it as essential to the success of your department that it should have a non-political character?—We do.

6782. And no less essential that it should be above all suspicion of partiality as between employer and employed?—Yes.

6783. Now in order that these two points may be secured, you hold it to be important that no administrative function should be attached to the department?—I do; yes.

6784. As at present constituted, it is a purely statistical department?—Yes.

6785. Can you tell us if any advantage has been gained by promoting it to a position independent of the Department of the Interior?—Because the appointment of the staff rested under the old conditions with the Secretary of the Interior, who was a cabinet officer, and upon whom, therefore, a great deal of political pressure could be brought to bear, and it made the rules for appointment to the Bureau of Labour the same as obtained for the appointment of clerks in any other bureau. Consequently we could not in that way get a special class of clerks, and

Mr. *Gerald Balfour*—continued.

of special agents suited to our purpose. It had the advantage of removing us decidedly from anything like political control.

6786. While you were under the Department of the Interior it was more difficult to maintain your purely non-political character?—It was more difficult. I must say that the Secretaries of the Interior during the time we were under the Department of the Interior always left everything completely in the hands of the Commissioner of Labour in so far as they could. But then there were certain administrative rules which had to be followed, and which were not favourable to our getting a skilled force, as I have just mentioned.

6787. Now apart from the fact that the Labour Bureau was then under a political head, do you think that a perfectly impartial and non-political character was more difficult to maintain in consequence of the administrative functions attaching to the office of which it was then a part?—No, I do not say so, not specially.

6788. Therefore, your opinion would be that a Department divided into an administrative side and a statistical side might, without disadvantage, be placed under a single head?—That is, a broad Department, but not a union Department, under the same head.

6789. Apart from the question of the political character of its head, which in this country is a necessity?—You will excuse me for asking, but do you mean to unite the arbitration function, let us say, and the statistical function under the same immediate head? I mean by immediate head the chief of the bureau as distinguished from the Minister who is responsible to Parliament.

6790. Let us suppose that you have under a single Minister a Department divided into two sub-departments, and that one of those sub-departments is confined to administration, and the other to the collection and interpretation of statistics. Do you think the fact that such a Department has an administrative side, although that administrative side might be under a separate permanent official, would in any way prejudice the impartiality of the statistical side?—I think not, provided you would not call the new Department "Bureau of Labour and Arbitration," for instance, but if you had a Bureau of Labour and a Bureau of Arbitration, under the Board of Trade, for example, or a new possible Ministry of Industry, I do not think it would matter particularly.

6791. It seems to me that your objection to connecting arbitration with a Department of Labour is wide enough to constitute an objection to State arbitration of any kind?—Undoubtedly. It is theoretically co-extensive with the field. But at the same time, as I said, if you will remember, a little while ago, I believe much more in the efficacy of conciliation than I do of arbitration, and I think in the case of a permanent Bureau of Arbitration, the skill which it acquires in dealing with a number of cases in the course of years is very apt to render it pretty thoroughly equitable in its decisions; and therefore to gain the public ear, and that while in principle the objection which I offered holds equally good against State arbitration of any kind, practice would so modify it that the objection would practically disappear in time.

6792. Can you tell us anything about State arbitration in America?—No. I cannot say very much as to the effects of it. Had I known that I should have the honour of appearing before the Commission I should have prepared myself on these points. But you must take me as you find me without having special knowledge, except in reference to this subject of statistics.

6793. But on one point you are perfectly clear, and that is that the chief of the Bureau of Labour should have nothing to do with State arbitration?—Legally he should have no responsibilities in the matter. I say in practice he must use his own judgment, and may, I think, with advantage, often interfere as a mediator.

6794. Do not you think there would be some danger in his interfering even in an unofficial capacity?—To be sure. There is always some danger; but sometimes there is more to be gained by intermingling than by abstention. That must depend entirely upon circumstances, I think. In the case I mentioned where the chief of the Kansas Bureau of Labour mediated quite unofficially, his mediation stopped at the right point. He brought the governors of the two States together, and he brought them in contact with the working people and with the employers. Then his mission ended. Probably had it not been for his influence a much longer time would have elapsed before the governors would have appeared upon the scene, and successfully mediated in regard to the strike. Now I mean perfectly unofficial action in that way, somewhat the same kind of action as diplomatic dinner table-talk which settles a great deal, and often much more satisfactorily than formal communications between Governments.

6795. Even so, the greatest care and tact would have to be exercised by such an official?—Quite so.

6796. And he would have to be or ought to be fully aware of the risk he is running of bringing discredit upon his office?—Quite so, and consequently in those places where a Board of Arbitration or Bureau of Arbitration already exists he has no excuse for interfering and therefore runs no danger.

6797. Is your Department ever applied to to assist in the preparation of legislation?—Very often.

6798. Would you give such assistance so far as to make recommendations in favour of particular labour legislation?—We make no formal recommendations. We give no formal assistance. But assistance is given in this way. A member of the Senate or of the House of Representatives wishes the advice of the Commissioner in drafting a Bill, Perhaps the general outlines of which he has had in his mind and he comes, and in consultation he asks the Commissioners—I have known it in frequent instances to happen—to draft the text of a Bill. But

Mr. *Gerald Balfour*—continued.

officially it is never known that the Commissioner drafted the Bill. Likewise one of my duties in Washington, when I was there, was to put myself at the disposition of Senators and Congressmen to supply them with information in relation to measures that they were drafting or any speeches which they wished to make on certain measures. We do a very great deal of that. We also reply to all serious communications which come to us from any citizen of the United States, no matter where he may be located, asking information upon any subject which is available to us, and the number of requisitions we get from newspapers is often very extensive. We are only too glad to do it, because it affords us the opportunity of directing public attention to the proper use of reliable statistics, and when newspapers ask for statistics from such a source, instead of, as they do sometimes, using statistics less carefully collected it is, I think, a distinct advance.

6799. Speaking generally, what you are prepared to offer is information rather than advice? —Yes.

6800. And information to both sides in politics?—Publicly we offer information; privately we may give advice. Some of the State bureaus especially have done a good deal of the latter, notably Connecticut, which has actually, though quietly, prevented a great deal of ill-considered legislation, which even at the time had the ear of the labouring classes, and which they were supposed to advocate very heartily. But you had the spectacle on several occasions of the Connecticut Bureau quietly influencing the legislators against the very measures that the labouring people were seeking to push, and you had the labouring people afterwards cordially recognising that the Bureau had been in the right.

6801. I think legislation in America originates exclusively with individual Congressmen and with Committees?—Yes.

6802. It is never initiated by the Government, as in England?—No; it is only proposed by the Government, that is to say, in the same manner that your Speech from the Throne foreshadows the more important subjects upon which legislation may be devised, so the President's message to Congress deals with general subjects in the same fashion. It has nothing, however, but the force of a recommendation; none of his Cabinet Ministers have any other power than to recommend through the President, and all legislation originates in Committees, that is with individual members of the House, but as members of certain Committees.

Sir *Frederick Pollock.*

6803. I think you said that you have no direct relations with the bureaus of the same kind in the several States?—No organic connexion.

6804. Is there any local bureau for the District of Columbia?—No; it is too small a place. The District of Columbia has a total population of not 300,000.

6805. Then so far as anything has to be done in the District of Columbia it is done by th

Sir *Frederick Pollock*—continued.

United States Bureau?—No; we are never called upon to do anything. The District of Columbia is not an industrial centre, and is not, therefore, a centre where any trade disputes are likely to occur. It is purely a residential, and political, and literary centre, and consequently we are not specially charged with any function in relation to the citizens of the district of Columbia.

6806. So that it does not really add anything like a local department to your Bureau?—No; it has nothing of the function of a local department.

6807. You told us just now that matters relating to the regulation of labour generally are left to the legislation of the individual States, and, therefore, the laws of the different States may differ largely?—Quite so.

6808. But I believe it is the fact that on most important subjects the legislation of the States may be said to run in a certain limited number of grooves; that there is a certain typical resemblance between the constitutions and important statutes of the New England group of States, and so there is a certain Western group of States with generally similar statutes, and I think altogether, Mr. Stimson, in his book on State Constitutions, makes out four or five typical groups of States having generally similar lines of legislation?—That is true.

6809. Should you say that this classification applied in a general way to State laws on matters of the regulation of labour as well as on constitutional provisions, and such like?—Hardly so much. I think it depends more upon the character of the industries which are followed in the specific States. For instance, Pennsylvania, which is distinctly a middle State, would have pretty much the same labour legislation as Massachusetts, which is distinctly a New England State.

6810. Then there is a great variety according to the character of the industries in the different States?—It would go a great deal according to the industries.

6811. I suppose there would not be quite so much variety as in the matter of bankruptcy laws?—No, not so much. The great difference in the labour legislation of the various States lies not so much in the character of their enactments as in the number of statutes in relation to the protection and advancement of labour in the specific States. In some they are very much more developed than in others.

6812. The question of employers' liability for injuries to workmen is a matter which falls, I believe, entirely within the State legislation?—Quite so.

6813. Perhaps you happen to know whether there is, or is not, a general tendency in the way of alteration of the common law upon that point?—There is a general tendency in the direction of minimising the doctrine of contributory negligence, and in, so to speak, facilitating the means by which a working man can more quickly arrive at compensation for an injury,

Sir *Frederick Pollock*—continued.

that is, I mean to say, lessening the difficulties of appeal and so forth from one court to another, where wealthy corporations may fight a few typical cases, and put the labourer to such an expense that others are afraid to attempt to sue them.

6814. I think there was an Act in Massachusetts, five or six years ago, rather more extensive than our Employers' Liability Act, but evidently modelled on it?—I know that such an Act was passed. I think about five years ago, but I am not familiar with the specific provisions of it. However, I would say to anyone interested in the employers' liability laws of the United States that he will find in the Bulletin of the International Committee of Working Men's Assurance, which sits in Paris, at No. 3, Rue Scribe, a codification of all the laws of the different States upon the subject, and that could undoubtedly be had by applying to E. Greiner, who is the secretary of this Committee.

6815. Do you happen to know whether the plan of insurance, contributed to by both employers and workmen, is at all extensively adopted as a means of dealing with accidents?—I would not say that it was extensively adopted, although the practice is growing. Two at least of the large Railroad Corporations have long adopted that practiee. In fact, I know that it exists among other railroad organisations as well. One of the principal railroad systems of the United States had an obligatory feature attached to it, the other system was conducted on a voluntary basis; but such is the spirit of our working people that though, I think, morally convinced that accident assurance was to their benefit, they never ceased to agitate in the matter until they got the State legislation to repeal the obligatory features of the enactment; and since then it has become voluntary.

6816. In what sense was it obligatory?—That the company had a right to retain and abstract from the workmen's wages, and place to the credit of the accident fund, such and such a proportion of his salary.

6817. Was that under State law?—The State law had given a charter to the company.

6818. And this was in their charter?—This was in their charter.

6819. But now the arrangement is voluntary?—Sometimes the arrangement is voluntary. For instance, the Pennsylvania Railway, which is an exceedingly large system, employing about 60,000 men altogether, has that feature.

6820. Is the voluntary system of insurance found to give satisfaction?—So far as I know it has; it has given very great satisfaction. I should also say that in certain industrial establishments now the voluntary system of insurance is being introduced. It is the only system which under the present state of feeling of the working classes could be introduced in the United States.

Sir *Frederick Pollock*—continued.

6821. You do not think that people in the United States would be got to accept a compulsory system of State insurance, such as has existed in Germany for some years, and I believe is on the point of being introduced in France?—No, I happen to be a member of the same international committee for the furtherance of social insurance, and have been interested considerably in it, and I am therefore very positive in stating that it would be impossible at the present day to think of introducing it. Such is our geographical configuration, that if the experience of other nations should demonstrate that it is of such great utility. I do not believe the Americans, considering the reputation he ordinarily enjoys, would be found to cast aside a good thing in favour of a purely theoretical consideration.

6822. You think the arrangement of voluntary insurance is rather tending to increase?—Yes, I am very decidedly of the opinion that it is on the increase. But in the United States one must remember that life insurance and accident insurance in private companies is a very common thing amongst working men, especially life insurance.

6823. Is that done through the ordinary insurance corporations?—Yes.

6824. Are there corporations who make a special business of working-class insurance?—I believe there are two insurance corporations in the United States of importance that do make a speciality of that, but they do not preclude the others.

6825. There is just one question of detail I want to ask you in regard to that case in Connecticut where there was a sort of voluntary inquiry by the Labour Commissioner. I did not quite understand how much of the results were published. The cost of production and of profits were freely supplied by the manufacturers and published?—Published.

6826. Were they published in detail so that the profits of each particular firm would be identified?—A number which the Commissioner himself only knew was placed to identify the establishment. They did not in relation to plant, for instance, say how many looms there were running in the establishment. They did not say that such and such an establishment was situated, say, at Hartford, or at any other specific place, but they simply said, "Establishments, "number one, cotton goods, Connecticut," and then the facts in detail.

6827. That is what I wanted to get at. It was practicable to publish it in such a form as really to give the fullest information and yet not to prejudice any particular firm?—In our inquiry as to Cost of Production we went so far as this. We published certain information regarding plant in order that we might give to the statistician who was going to deal with these figures the widest possible knowledge of the basis upon which we built up our figures. For instance, if we were to say, "Blast furnace

Sir *Frederick Pollock*—continued.

"producing 250 tons a day; producing pig-iron "of such and such a grade: situated in Belgium," for instance, then, even though the establishment was known only by a number, those engaged in the manufactures might very readily identify it; so that to preclude in all cases where there was any danger we simply put down such and such an establishment, Continent of Europe, and nobody knows but ourselves where it is situated.

The witness withdrew.

Mr. William Allan called and examined.

Mr. *Courtney.*

6828. You have come to us from Sunderland?—Yes.

6829. Will you tell us what position you occupy there?—A marine-engine builder.

6830. Of the firm of Allan and Company?—Yes; the Scotia engine works.

6831. You wish to give us your opinion as to the chief cause of strikes?—Yes, and the eight hours day.

6832. What, in your opinion, is the chief cause of strikes?—I have had rather little time to prepare my views on the matter since your secretary sent me his letter; but I have set down a few of my ideas, based on my own experience of over 40 years of engineering among the workmen, and with your leave I will just read what I have written. One of the most momentous of the practical questions pressing for solution at the present day is unquestionably that of the growing antagonism between employers and workmen. With the development of trade unionism labour troubles have become increasingly rife, whilst the relations between capital and labour become day by day more hostile, rendering open conflict at all times imminent. So grave is the outlook that the stability of society itself is threatened, for not only is there deepening animosity between the contending elements, but everywhere in the labour ranks there is movement towards more perfect organisation, and better organisation means increased possibilities of conflicts. The working class are justified in organising themselves for the security of their rights, but that they will always use wisely the power which complete organisation gives is another question. Strikes are the natural outcome of discontent on the part of organised labour. The demands of the men, even when they are reasonable and justifiable, are seldom immediately responded to by the employers, and with the industrial atmosphere in an explosive state, a strike is too easily precipitated. Strikes are in their very essence barbarous, being sheer trials of strength. They entail untold miseries on numbers not directly responsible. They occasion a distinct loss to the community economically, by the cessation of production, whilst the wages sacrificed locally during a protracted conflict are never made up again. What is perhaps a greater evil than all these is that they embitter personal relations between man and employer, and often between man and man; so that morally, as well as economically, they are unmitigated evils and rightly condemned by all. It is not too much to say that every strike makes the breach wider and more difficult to heal, hence strikes beget strikes, just as love begets love, and hatred begets hatred. Yet as things are at present constituted and tending, it is difficult to conceive by what other means these labour battles are to averted. There is great confidence in some quarters that very soon arbitration and conciliation will effectually deal with all labour differences. So far, however, arbitration has not found great favour with workmen, nor is there much promise that this method of adjusting disputes will become universal. The workmen are invariably distrustful of it, because, conceiving, and often rightly, that the arbitrator is not practical enough to enter into all the bearings of a question, of that being chosen from the educated or professional classes he is more likely to be biassed, consciously or unconsciously, against the men than in their favour. They will therefore seldom accept an adverse decision contentedly. Then there are conciliation boards, where a number of employers belonging to a disaffected district meet a number of delegates appointed by the men. They engage in friendly discussion of any matter in dispute with a view to its amicable settlement, and if each side has power to bind those whom it represents, it is difficult to see what better method of settling disputes could be proposed. The elements of unpracticalness and bias are here eliminated, and as in a multitude of councillors there is wisdom, so there is a safeguard against the vagaries of an individual judgment. Yet it is very problematical whether any momentous difference would be entrusted to a conciliation board for settlement, and if it were, whether a decision would be acted upon unless favourable to the views of the workmen generally. The truth is there is a reluctance on the part of the men to leave the issue of a far-reaching dispute in the hands of a few. The delegates may be at a disadvantage in argument or in the deep ways of bargaining, and they may be easily overruled. Hence there is covert distrust of the methods of arbitration and conciliation, and no great promise of their immediate success, so the old alternative—the arbitrament of a strike—appears inevitable. Apart from the men's view of arbitration and conciliation, would these methods, if approved, be quite satisfactory under existing circumstances? What data would

Mr. *Courtney*—continued.

an arbitrator or conciliation board have to go upon in a question, say, of wages of hours? Whilst on one side we have the earnings of labour known, on the other we have the profits on capital an absolutely unknown quantity. In order to settle a question of wages in any district in a rational and just manner the data of profits is obviously imperative, yet how are profits of capital in any trade to be ascertained? The profits of one employer will be very different from those of another; to be of any service the average profit of the combined employers ought to be taken. But this could only be obtained by a combination among employers very different from what is ever likely to exist.

6832*a*. Did you hear the evidence of the last witness?—Yes.

6833. Did you hear what he said about Connecticut?—Yes.

6834. About the inquiry into profits there?—Yes.

6835. Is not that an answer to your observations?—I do not think he put it clearly enough, to my mind.

6836. He said there had been a difficulty between employers and employed in Connecticut, and that inquiries were made, and although there were jealousies at first he published the results of the inquiries with the profits of 90 employers. This produced a good effect on employers as well as on workmen, and he then brought out results, I think, as to about 300?—Yes.

6837. How does that affect your observations?—It is in the same strain as this, practically.

6838. No. Is it not dead against it? You say it is impossible to do that which he has done?—In this country.

6839. Your position is, then, that we are so different here from the people of Connecticut that it is impossible here?—It must be so, so far as I have knowledge of it. Employers strongly object, as a rule, to have their profits known to each other, or in any way to divulge the results of their operations. Where associations of employers exist they bear no real analogy to associations of workmen; they lack the essential character of the latter, namely, identity of interest amongst the members. For the analogy to hold, there must be perfect confidence and openness among the employers so combined, and the stronger must subsidise the weaker where a demand presses more heavily on the one than on the other. Such an association would obviously be more of the nature of a syndicate, but the individualism and competitive spirit of employers are entirely opposed to such an arrangement. Self-interest is so closely associated with all human activities that they can never be safely separated. Of associations of this nature, then, there is not much likelihood. To obtain the essential data required by an arbitration or conciliation board for the settlement of a wages question is a matter attended with grave difficulties, and unless accurate data were forthcoming clearly all decisions would be personally inequitable as well as economically erroneous. Thus, whilst arbitration and conciliation are in but scant favour with the workmen generally, neither would they, if approved, be satisfactory in their operation as things are at present constituted. Should we not, therefore, look to the cause of strikes rather than their remedy. That is my view as to arbitration and conciliation. Then I have a few things I wish to say as to overtime and piece-work. Overtime is an economic absurdity. How is it possible to speak of an eight, a nine, or a ten hours' day when overtime is being systematically worked, as it is in some districts? Systematic overtime is responsible for the idleness or only partial employment of numbers of workmen and fosters a spirit of discontent in the breasts of those who do not work overtime. It will generally happen that the men who work overtime in busy times are the men who are retained during slackness. These are the "regular employees" as distinguished from the "occasionals," whose employment is precarious. Thus in any trade the tendency of overtime working, like piece-work, is to create a superabundance of employment for one section and a scarcity for another. It is true the "regular" workmen may be the better men, but the system itself tends to foster this inequality; besides it does not follow that the unemployed in a trade are wholly the worst men, and if they were, overtime working would still not be justified. Irregularity of employment is the first and obvious effect of the system, and as such it should be discountenanced and discontinued by all trades unions. Until all the men in a trade are in steady employment, overtime is clearly uncalled-for in practice as it is wrong in principle, that is systematic overtime: occasional or incidental overtime to meet emergencies will always be unavoidable, and does no harm. The real cause of overtime will be found in the cupidity of employers. In busy times an employer is tempted to take on more work than he can hope to accomplish within the legitimate hours of labour. Hence his resort to systematic overtime. No employer, once aware of the capabilities of his establishment, has a right to do this, unless he is prepared to employ extra shifts of men. But, in any case, overtime would not be possible unless the men themselves were amenable to the prospect of increase of gains. The system is thus demoralising as well as pernicious economically. The universal limitation of the hours of labour to that term during which the human machine can do its work without fatigue or weariness is only a question of time. The principle is being recognised more and more; its economic value is attested alike by analogy and experience. Therefore, the absurdity of permitting overtime whilst agitating for shorter hours is apparent. No man can work systematic overtime without physical degeneration. Physical degeneration produces discontent. Discontent produces strikes. So alike on moral, physical, and economic grounds, the strike-fostering evil of overtime ought to be abolished

Mr. *Courtney*—continued.

Then I have a few words to say about piece-work. The "wages" of any man being resolvable theoretically into that part of his produce which is left after a deduction is made for interest on employer's capital, charges, rent, and taxes, should always bear a fixed ratio to the work performed; this the system of payment by results censures. From an economic standpoint, therefore, no objection can be urged against piece-work, it being analogous to the natural and direct method of apportioning the workman's share of the produce. But it so happens that under the complex industrial conditions of the present day, piece-work operates very injuriously in practice. Like overtime it is unfavourable to that steady and regular employment so essential to the well-being of the workers generally. It is a fruitful source of friction wherever it obtains side by side with the time system, as in ship yards and other establishments. The large earnings of piece-workers cannot but produce discontent in the minds of those who from the nature of their employment are debarred from working on the same system; whilst the operations of the two sections being in many cases interdependent, the arbitrary and intermittent time-keeping on the part of those on piece consitutes a real grievance and hardship to the time-workers. No healthy tone, therefore, is possible among the men where the two systems are in operation together. Not only are other classes of workmen affected in the way named, but in slack times a few of the piece-workers are enabled to monopolise the whole of whatever work is going, earning as good wages as before, while their fellows of the same trade are without employment. Therefore, the system of piece-work being so anomalous is naturally provocative of that discontent which ultimately shapes itself into labour troubles of a serious character; hence though it may not be intrinsically evil, its operations under existing conditions are antagonistic to that spirit so essential to cultivate among bodies of workmen, the absence of which tends to foment or sow the seeds of strikes. It is plain, therefore, that all trades unions should not allow their members to work on piece, and should discourage a system fraught with so much possible injury to themselves.

6840. You have introduced an eight hours' day into your works?—Yes.

6841. How long since?—12 months ago, about.

6842. Is it 8 hours every day, or is it 48 hours per week?—48 hours per week.

6843. Half holiday on Saturdays?—They leave at 12 o'clock.

6844. They work a little over 8 hours on other days?—8¾ on other days.

6845. In what condition was trade when you introduced that?—I would not call it exceptionally busy. It was just in a normal condition.

6846. How many men do you employ?—Between 300 and 400.

Mr. *Courtney*—continued.

6847. Have you had any overtime at all since?—None except unavoidable overtime. I have no regular overtime.

6848. What do you mean by regular overtime?—I have not any of what is known as regular overtime, working perhaps a quarter of a day after the legitimate hours of the men. I have none of that.

6849. You say you have been 12 months on this eight hours' system?—Yes.

6850 How many weeks of overtime have you had in this 12 months?—We have had no fixed overtime at all.

6851. You have had occasional overtime?—Supposing a vessel came in wanting repairs done owing to an accident to the machinery, or something of that kind, then we put the men on overtime to get it done. It is incidental overtime.

6852. In how many weeks have you had overtime?—I have had no regular overtime in the shop.

6853. You have occasionally a ship come in wanting repairs which compels overtime?—Yes.

6854. In how many cases has that happened?—I could not say offhand. I have not prepared myself with an answer to that question.

6855. Can you give any kind of estimate?—None at all. I have not prepared myself with any statistics of that.

6856. Has it happened a dozen times in the year?—I would not like to say that. No, not anything like that.

6857. How do you pay your men?—When I started the eight hours' day with the men I made an arrangement with them that they would take 5 per cent. reduction of wages, and I would stand another 5 per cent. for six months, and if I found it did not affect me at all in a financial sense, or did not affect the output, I would restore to them the 5 per cent.

6858. Are all your men paid by the day?—All by day wages.

6859. No piece-work?—No piece-work whatever.

6860. After six months did you restore the 5 per cent.?—I restored the wages.

6861. They now get as much for 48 hours as they formerly got for the 53 hours per week?—That is so.

6862. What has been your observation as to the result on the men and lads?—Previous to introducing the eight hours, I, like all other employers, had the greatest difficulty in getting our men to keep time in the morning. The average hours practically that the men worked under the old system would be perhaps 48—sometimes less—a week. Then a great number of the lads would be out in the morning, and also would lose two or three quarters in the week. Since instituting the eight hours we have no sleepers whatever.

Mr. *Courtney*—continued.

6863. And you get, in fact, the same number of hours worked as before?—The same number as before.

6864. And this has been maintained?—Oh, yes, regularly.

6865. They are as punctual now as they were when it was first introduced?—Yes.

6866. Have you observed any physical results?—A great improvement. I have observed a great improvement in the lads and in the tone of the men, more especially with my apprentices. We used to have at one time from, perhaps, 10 to 15 out regularly, and since that has been introduced I have observed they have been in far better health, and I have asked their parents and themselves too.

Mr. *Courtney*—continued.

6867. As you have got the same number of hours' work out of the men, you have got the same amount of production?—Yes, the advantage is on my side.

6868. If anything you get more production?—Yes.

6869. The cost of production therefore is, if anything, a little less?—It is.

6870. And you have very good feelings and relations between yourself and your men?—The very best.

6871. I suppose they were not bad before?—They were liable to their little bursts.

6872. Now you think they are insured against that?—They are all right now.

The witness withdrew.

Adjourned to Tuesday, January 24th, 1893.

FOURTEENTH DAY.

Commission Room, Westminster Hall, Tuesday, 24th January 1893.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. A. J. MUNDELLA, M.P. (Chairman of Group C.).
The Right Hon. JESSE COLLINGS, M.P.
The Right Hon. LEONARD H. COURTNEY, M.P.
The Right Hon. H. H. FOWLER, M.P.,
Mr. DAVID DALE (Chairman of Group A.).
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. A. HEWLETT.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. J. MAWDSLEY.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. ROBERT GIFFEN, C.B., called and examined.

Duke of *Devonshire*.

6873. Will you state your official position in the Board of Trade?—I have been Assistant Secretary of the Board of Trade in charge of the Commercial Department.

6874. Will you tell the Commission what are the duties of the Board of Trade in regard to labour statistics?—In consequence of a resolution of the House of Commons of March 1886, which was to the following effect: "That in "the opinion of this House immediate steps "should be taken to ensure in this country the "full and accurate collection and publication of "labour statistics," the Board of Trade was charged with the duty of collecting the statistics referred to in the resolution.

6875. When was this work commenced?—The work commenced a few months after the date of the resolution, in the following autumn, when the Treasury consented to the appointment of a small additional number of clerks and officers, which has since been increased at different times, though it is still a small staff. The present number of those specially engaged in connexion with labour statistics is 16, but it will be understood that assistance is given by other clerks and officers in the Commercial Department who are not specially engaged in this work. Some alteration is now being made, but into that I need not go at the present time, I think.

6876. Will you state the heads of the work that has been done?—The work has been done under three principal heads. One of these, the first I shall mention, is the compilation and publication of wages statistics in the leading industries of the country in a proper statistical form. There have now been published the following volumes:—Wages in the Textile Trades, C. 5807, Session 1889; Minor Textile Trades, C. 6161, Session 1890; Mines and Quarries, C. 6455, Session 1891; Police, Water, Gas, and Roads, C. 6715, Session 1892. A fifth volume is in preparation, and all the tables have been prepared for dealing with employees in

Duke of *Devonshire*—continued.

railway service, seamen, engineering, building trades, and many other employments, to which there is being added a general view of the average wages throughout the country.

6877. Will you state the general object of these wages' statistics?—The general object is to exhibit what wages are in the mass and on the average, so as to show not only the rates of wages but the proportions of different classes of workmen to each other, and to other classes of the community, and to make comparisons possible with the past and the future, which cannot be done so long as we have only the rates of wages without a quantitative basis, and to make comparisons with foreign countries, where similar data may be available. I think, perhaps, at this point I might give an illustration of what is meant by the effect of taking account of the numbers of people in different employments and not merely of the rates of wages. It has been observed, I think, that if you look at the rates of wages paid to seamen in the mercantile marine, you will find that the rates of wages paid to seamen in sailing ships do not appear to be much greater now than they have been at former times; so that if you were making a comparison of the rates of wages in sailing ships compared with a former time you would not see directly any great increase. But you find in the course of time that whereas the mercantile navy 40 or 50 years ago was filled with seamen in sailing ships, now, when you look at the mercantile navy, you have only a small number of that class, seamen in sailing ships; but you have seamen in steamers who are paid on the whole a higher rate of wages than seamen in sailing ships. Then, in addition to that, you have firemen, engineers, stewards, and many other classes, all at higher rates of wages than the seamen. You have quite a different account of the matter if you look at the mass of the people and what they are paid, from what you have if you merely look at the rates of wages of one class which you can

Duke of *Devonshire*—continued.

identify at different times. This is the general reason why in looking at wages you must not merely take rates, but you must compare the numbers of the different classes at different rates. I propose later on to give an account of the results of some of the principal comparisons which have now become possible in consequence of what we have done.

6878. What is the second head of the work of the department?—The second head of the work of the department has been the compilation and publication of annual and periodical returns relating to trades unions, to strikes and lock-outs, and to alien immigration. The annual trade union volume and the annual strike volume, prepared by Mr. Burnett, are now well known, as also the monthly paragraph in the Board of Trade Journal relating to the unemployed. Alien immigration is included in the general report on emigration and immigration, but is equal to the addition of a new report and new set of tables. There is also a monthly immigration return. I propose, also, later on to give some account of the principal results here and the connexion of these statistics with each other.

6879. What is the third part of the work of the department?—The third part of the work of the department has been the compilation and publication of special reports on various topics, of which there have been the following:—Report on Sweating at East End of London by Mr. Burnett, House of Commons Paper 331, Session 1887; Report on Sweating at Leeds by Mr. Burnett, C. 5513, Session 1888; Report on Nail and Chain Making, by Mr. Burnett, House of Commons Paper 385, Session 1888; Report on Cost of Living, by Mr. Burnett, C. 5861, Session 1889; Report on Profit Sharing, by Mr. J. L. Whittle, C. 6267, Session 1891; Report on Wages and Cost of Production, by Mr. Elliott, C. 6535, Session 1891; a Blue Book of Belgian Statistics, C. 5269, Session 1888; Fifty Years Return of Wages, C. 5172, Session 1887; Return (Hours of Labour), House of Commons Paper 375, Session 1890, Miscellaneous Reports and Notices in the Board of Trade Journal, of which I propose to hand in a list prepared by the clerk in charge of the Journal. I do not think I need trouble you with a list of all these notices in the Board of Trade Journal.

6880. You can put that in?—I put that in along with a list of other papers for convenience of reference (*handing in list; see Appendix* CXXIII.).

6881. Will you describe what the general object of the department has been?—The general object we had in taking up the subject in this manner was to fill up gaps in previously existing knowledge. We have had statistics of savings banks, and of friendly societies, we have had factory returns, we have had statistics of accidents in railways, shipping, and mines; we have had statistics relating to co-operation, to insurance, to prices, and to many topics of trade, all dealt with more or less adequately in official or private publications previously existing, but the field which has since been occupied by the department was by comparison left unfilled before.

Duke of *Devonshire*—continued.

6882. There has been some other work done by the department, has there not?—The department having been constituted other work has been done by it, chiefly in connexion with references by ministers and public men to the department for information. Mr. Burnett, as is well known, has also been employed in different ways. He was employed in connexion with the mission to Berlin at the labour conference which was brought about by the German Emperor, and of course he has been employed in connexion with this Commission, to the loss to some extent of the work in the department, during the last two years.

6883. I think you are prepared to hand in the second part of the fifth volume of wages statistics to which you have referred?—That is so. I should rather say two principal tables in the second part of the Appendix. There will be more tables.

6884. And which is not yet published?—Which is not yet published, but which will be published very shortly, within the next two or three weeks, I hope.* The report is now being prepared, but most of the tables have all been prepared (*see Appendix* CXXIV.).

6885. Can you state to the Commission any of the principal results which have been arrived at by the census of wages at the present time?—The table which I have put in shows the average rate of wages and the proportion at each rate in a great mass of employments, sufficient, I think, along with other information, to warrant a classification of the whole working-class population, and to give an approximately correct idea of the aggregate working-class income. I should like to explain beforehand that these averages which you find in this table are not guesses in any way, but actual averages derived from returns as to great masses of workmen; for instance in cotton manufacturing, from returns as to 143,000 workpeople out of a total number of 504,000 enumerated in the factory returns.

6886. You have reason to believe that the 143,000 people respecting whom you have returns are a fair average of the 504,000 enumerated in the factory returns?—That is so, there being no selection in the matter. As the returns are taken quite impartially, there is no doubt that they represent the whole mass from which they are taken. In point of fact, there is no doubt that a much smaller number would have been quite sufficient for the purpose, but we have taken as many as could be obtained, and I think that that is a great advantage at starting. I may say, that in some of the other returns which I shall refer to afterwards, which are not included in this table I am giving you now, for instance, the returns relating to railway employment, we have got statistics of the whole number of people employed, not merely a selection, but the whole number, about 360,000 people, in 20 of the principal railways.

6887. Can you give the number of separate occupations which are enumerated in the table

* In a letter (dated November 7th, 1893) to the Secretary Mr. Burnett stated that this Fifth Volume of Wages Statistics would probably be issued early in 1894.—G.D.

Duke of *Devonshire*—continued.

which you have put in?—In this table, which I have given you, 38 separate occupations are enumerated, and the effect is that the average normal wages shown in these occupations are, for men, 24*s.* 7*d.* per week, or about 64*l.* per annum; for women, 12*s.* 8*d.* per week, or 32*l.* 10*s.* per annum; for lads and boys, 9*s.* 2*d.* per week, or 23*l.* 8*s.* per annum; and for girls 7*s.* per week, or 18*l.* 4*s.* per annum. The trades dealt with in this table are being added to from day to day, but no material difference is made.

6888. I am not sure whether you stated it before, but these are all for a particular year, are they not?—They are all for the particular year 1886, but in point of fact no great difference would be made if we had taken any other year, because, except in a few trades, the averages do not change so very much from year to year. For instance, in railway employment, when we come to study the figure in this manner, we do not find much change in the averages between 1886 and 1892, although in particular rates there are considerable changes, and chiefly in the upward direction. In all cases, as is stated in some of the reports, you will find comparisons made with what has happened since 1886, as well as the actual figures for 1886 themselves.

6889. Have you taken any measures to confirm these results?—We have made inquiries into particular wages, and I may say that we have had comparisons made, wherever it was possible, with all the evidence which has been given before this Commission with reference to rates of wages in particular trades. The returns we have had in many of the trades are so numerous themselves, and so elaborate, and so well compiled by many of the employers, that they leave no doubt as to their being true statements which have been before us.

6890. Have you arrived at the same results in any different manner?—I have taken the trouble to make rough notes, with reference to what I know of the production in a great many of the trades, to see whether the aggregates that we would arrive at are reasonable or not; but I have not the notes in a shape that I could submit to the Commission, although we hope to have some references to this point in the report which is being prepared.

6891. Can you state what are the proportions of those employed at different rates of wages?—The proportions shown in that table of those employed at different rates of wages come out something like the following, for men only:—Under 10*s.* per week, 0·2 per cent.; from 10*s.* to 15*s.* per week, 2·5 per cent.; from 15*s.* to 20*s.*, 20·9 per cent.; from 20*s.* to 25*s.*, 35·4 per cent.; from 25*s.* to 30*s.*, 23·6 per cent.; from 30*s.* to 35*s.*, 11·2 per cent.; from 35*s.* to 40*s.*, 4·4 per cent.; and above 40*s.*, 1·8 per cent. Thus, nearly 60 per cent. of the total numbers are between 20*s.* and 30*s.* per week, or about the average rate, and of the remainder rather less than 25 per cent. are under 20*s.*, and 17 per cent. are above 30*s.*

6892. Are there other important occupations which are not included in these returns?—Yes. The table made up in this form does not include several important occupations which we found difficult to treat exactly in the same manner, one of them railways, because we really had a return for all the people engaged. But then there are the building trades and some others, where we had not the means of dealing with the subject in the same manner. Including these occupations we find that the average in railways is between 59*l.* and 60*l.*, when you put them all together this is absolutely the average figure that we get; for the building trades, making a large allowance for the irregularity of employment in those trades, a fair estimate we think would be about 70*l.* per annum; for agricultural labour in Great Britain, according to the figures which were given before the Trade Depression Commission and which were used at that time (of course you have had later figures since then), the average would be about 39*l.* per annum; and the mean of the three, giving to each an equal weight, is about 56*l.* But the building trades are more important in Great Britain than agricultural labour, and if you will allow for the different numbers and allow for the fact of the great importance of railways, you would still not be far from the average of 59*l.*, or 60*l.* even if you include these. Then I may say that there are a considerable number of other employments which are dealt with in these tables, all of which I have looked at and examined, and I am quite satisfied that whatever you do with them you would not be able to depart widely from the average.

6893. The figures that you have given are entirely money wages. You are not taking into account free houses?—They include allowances for these matters. If you examine the statistics which we have published in these volumes, which I have referred to, you will find that although the amounts are all reduced to the money form, free houses and matters of that kind are allowed for as well in dealing with the subject, though I should not say they are in all cases completely allowed for. That would hardly be possible.

Mr. *Dale.*

6894. In the mining districts, where it is the custom to allow free houses and free coals, that is converted into money?—You will find that that is very fully discussed in the Report upon Mining Wages; I do not know whether you have looked into it, but you will find that it is very fully discussed and treated there. In the same way, when we come to deal with police and wages of that kind, where the same element comes in, we have endeavoured, as far as possible, to allow for everything.

Mr. *Mundella.*

6895. Is the clothing of the police included?—Yes. The clothing is included. I may say that the question of these allowances, although very important in a few trades, would not be important with reference to the whole mass of wages in the country, so that if you did not pay much attention to it it would not throw you out in a comparison of this kind very much. I think with regard to the railways, I might state some

Mr. *Mundella*—continued.

of the principal figures. In railways (this is in 1892) out of 314,000 men the number under 15*s.* per week is 8,400; then from 15*s.* to 20*s.* the number is 124,000; from 20*s.* to 30*s.* it is about 139,000; from 30*s.* to 35*s.* the number is 21,000; and above 35*s.* it is about 21,000. That is the account of 314,000 men in railway employment from the actual returns given to us by the railway companies, giving the most minute information as to what these employments are, all of which you will find in these tables when they are published.

6896. They are divided up into employments?—Yes. The railways give you rather a larger average under 20*s.* than there is in the table which I have given you of general employments, but when it is analysed we find that a very considerable portion of the numbers in the railways between 15*s.* and 20*s.* are close upon the borders of the 20*s.*, so that really the general averages, which I have given you, are not much disturbed if you substitute for them the general averages which are given by railways.

Duke of *Devonshire.*

6897. What is the peculiarity of the building trades which made it impossible to treat them in the same way as the other trades?—You have not got quite the same masses of people employed as in the factories, and owing to the irregularity of the employment you do not get returns which are quite so easy to handle; at the same time you have got very good statistics in the building trades of what the normal and standard wages are, almost better than in any other trade; there are comparatively few categories and you get very good standard rates of wages.

6898. The average of agricultural labourers' wages, where has that been got from?—From returns which were presented and worked up before the Depression of Trade Commission.

Mr. *Mundella.*

6899. Depression of Agriculture, I think, was it not, not Trade?—Partly the one and partly the other.

Duke of *Devonshire.*

6900 Regarding them, have you also what you call a quantitative basis?—I have taken a quantitative basis in this way; I have taken the average rates given for each county and compared them with the numbers in each county, so that you will have them published, when this is published, in some kind of quantitative basis.

6901. The number in each county being given in each census?—Yes.

Mr. *Gerald Balfour.*

6902. Does that calculation apply only to the money wages of the agricultural labourers?—No, it would include other allowances I think. It is an estimate of what agricultural wages really are; the basis of it is the statement laid before the

Mr. *Gerald Balfour*—continued.

Royal Commission on Trade Depression by Mr. S. B. Druce, one of the Assistant Commissioners, who took the trouble to compare the rates of wages in all the different counties. Of course I only put it forward as the best thing that I could get for the moment.

Duke of *Devonshire.*

6903. What was the general character of the year for which these figures have been taken?—The general character of the year 1886, for which the figures were taken, was a year of depression, so that it is quite certain you are not taking the figures of a maximum year, but a year which was a great deal below the maximum, and for which, therefore, it would be safer to take the normal rates as a kind of average earning than it would be to take the normal rates of a year of prosperity. That is the general view which one has in using these figures for a year of depression; that it is safer on the whole, when you are going to make out a statement of average earnings as distinguished from normal rates, to take a year in which the normal rate in a good many of the fluctuating employments are low, and not a year in which they are high.

6904. And the result is that for men——?—The average, as I say, is about 60*l.* per annum; the average which we may take as the average earnings as distinguished from the standard rate of wages. I hope that before very long, when all the figures are put together in a complete form, you will have an even more exact statement, but it is quite impossible that the figure can vary very much from what I have given you.

6905. In the case of women and girls, have the tables dealt with the whole of their occupations?—In the case of women and girls the tables which I have given you do not deal with the most important occupation of all for women, namely, domestic service, which appears, according to the census, to engage about a third to a half of all the women and girls occupied. I think also, from some tables which are in this Part I., that it appears most distinctly that women and girls in domestic service are better remunerated on the average than women and girls in other employments. I do not think I need go into details upon this head, because I think before you make your report you will have the tables which are now before me in your possession; but it is quite apparent on the surface of things, that the remuneration in domestic service, is on the whole, a good deal higher than the remuneration of women and girls in other employments.

6906. I believe you have some special returns on that subject?—I have some special returns on that head from great households, and from institutions like hospitals and infirmaries and other public institutions, which you will see.

6907. Can you give any figures about domestic employment?—I think, perhaps, I had better not give those figures, as there are a great many details to be considered, and perhaps there ought

Duke of *Devonshire*—continued.

to be a fuller discussion of it than I have been able to give. It seems that whereas the average remuneration of women in non-domestic employments comes out at about 32*l.* per annum, the average remuneration in domestic employments would come out more nearly at 50*l.* per annum; and similarly for girls, the average is about 23*l.* in non-domestic employments, but in domestic employments it would come out more nearly at 28*l.*

6908. Is any similar correction necessary in the case of lads and boys?—No similar correction is needed for lads and boys, because there are comparatively few of them in domestic service, and the figures which you have in this table that I have put in show fairly well the remuneration of lads and boys.

6909. What do you bring out to be the average annual earnings for men, women, lads and boys, and girls?—The average annual earnings for men, women, lads and boys, and girls respectively upon all this basis would be—for men about 60*l.* per annum, for women about 40*l.* per annum, for lads and boys about 23*l.* 8*s.*, and for girls about 23*l.*

6910. You said of some of your previous figures that they were not guesses, but that they were true averages; do you assert the same of these?—These are derived from the previous figures in the way in which I have stated.

6911. They are based on what?—On the actual returns which I have described.

6912. On actual figures of numbers at different rates in a great variety of employments?—That is so.

6913. What is the next step in an aggregate statement of wages?—The next step in an aggregate statement of wages, which is not based upon an account of every person that is employed, but only on a selection, is to arrive at the approximate numbers to whom the figures of the averages are to be applied. In a statement on this head compiled from the census of 1881, with allowance for the change of population since then—I am sorry to say that the census of 1891 is not yet so far advanced as to give the occupations which I should have liked to have referred to—we get approximately the numbers of the manual labour classes at the present time. I think I may read the figures in round numbers—men 7,300,000, women 2,900,000 lads and boys 1,700,000, girls 1,260,000.

6914. Under lads and boys do you include males under 15?—Yes, but males above that age as well—up to 20. The line of division is not very precise. The number of girls is 1,260,000, making a total of about 13,200,000. A statement of aggregate earnings on this basis would show the following results:—men a total of about 439 millions, women 118 millions, lads and boys 46 millions, girls 29 millions, making a total of about 633 millions sterling as the wages of the manual labour classes, derived in the way that I have described. The average earnings of each wage earner, putting men, women, and children together, upon this showing would come to about 48*l.* per head. I think, also, this result must be approximately correct, whatever may be the exact relative totals of men, women, lads and boys, and girls respectively. That is to say, although we may not be quite certain of the absolute numbers to whom these averages should be applied, yet the proportion of men, women, lads and boys, and girls to each other is not likely to vary greatly from what has been stated.

6915. Have you tested this in any other manner?—To test this I have to draw attention to another table, made up in a different manner, which I have put before you—one of the tables in Part II.—which is also derived from the returns to the Board of Trade, showing the average earnings in 1886 of a great mass of employments, much larger than the mass which is in Table I., which you have had. There the actual wages paid by employers for a whole year are divided by the number actually employed in a normal week of 1886, and the average by this method comes out almost exactly at 48*l.* again. This does not distinguish men, women, and children, but takes the actual payments by the employers from the wages' sheets, and dividing the actual payments made in a given year by the total number in a normal week you get these figures. The total to be dealt with is 826,000, and of these the number earning 70*l.* and above is 68,000; between 60*l.* and 70*l.*, 67,000; between 50*l.* and 60*l.*, 272,000; between 40*l.* and 50*l.*, 68,000; between 30*l.* and 40*l.*, 224,000; and under 30*l.*, 127,000.

6916. You can also give the per-centages of those rates, can you not?—Yes. The per-centages of 70*l.* and upwards are about 8·2 per cent.; between 60*l.* and 70*l.*, 8·1 per cent.; between 50*l.* and 60*l.*, 33 per cent.; between 40*l.* and 50*l.*, 8·2 per cent.; between 30*l.* and 40*l.*, 27·1 per cent.; and under 30*l.*, 15·4 per cent. These particular per-centages I have not had checked, but I shall have them checked. I think they are about near the mark.

6917. You state in your proof that the totals you have given now would come out a little different if the total number of wage earners was under or over-stated?—Yes.

6918. Then these figures may not be precisely accurate, in your opinion?—In that way, that if the numbers are under or over-stated the totals would come out a little different, but with reference to the question of numbers, I may say, that comparing the figures I have given you with former examinations, you will find that Mr. Leone Levi and Mr. Dudley Baxter, in 1867 and 1868, took the numbers of the working classes at about 11 millions from their examinations of the census; and that Mr. Leone Levi, about eight or nine years ago in a further examination which he made, took the numbers at 12,200,000, I think; so that the present numbers which I have given you of 13,200,000 are quite in accordance with former estimates which have been made. When you look at the census returns, and compare them in some cases, as I have done, with the factory returns,

Duke of *Devonshire*—continued.

you find that the numbers are very much in accordance, and that there is no great discrepancy to be observed.

6919. But the rates themselves would not be vitiated by any miscalculation of that kind?—No, the rates themselves, as I have given them, being derived in a different way, are not affected by any miscalculation as to the exact numbers of the working classes to whom they are to be applied.

6920. Can these figures be verified in any other manner?—They can be verified with reference to the statistics of exports for instance; with reference to statistics of production, which you have in the mining trades; and with reference to information of similar kinds, which you have in other trades. You will find that the amount of wages paid in the aggregate in relation to the total production in those trades would not be far off the mark, if you applied to the numbers in those trades the averages which I have given you. I have made a great many notes upon this point myself, and I think, if you refer to that report of Mr. Elliott's on wages and the cost of production, you will find a great many other notes of the same kind. There are many things that are well known in the matter; for instance, with reference to railways, which I have given you, if you compare the total amount paid in wages based on these averages with the amounts paid for wages shown in the returns of the different railway companies, you will find that you have got almost the exact figures in both cases, that there is no doubt you have been getting true figures from those average rates.

6921. How do the figures which you have been giving us in respect to the average earnings compare with income-tax income?—Of course it is immediately suggested, when you get figures of this kind, that you should compare them with the returns of income to the income tax, which are really contentious figures and which give you another large group of income. The comparison on this head would be that there is an income-tax income of about 640 millions sterling at the present time. That is the gross income assessed to the income-tax less exemptions under 150*l.* per annum. In addition to that there is a middle-class income not subject to income-tax, and not included in the income of the manual labour classes, which is probably not less than 150 to 200 millions sterling per annum.

6922. Where do you get that from?—I get that partly from the computations of Mr. Dudley Baxter in 1868, who went into the subject very minutely. He arrived at a certain amount of middle-class income, not included in this income of the manual labour classes, from a comparison with the income-tax returns at that time. Since that time the lower limit of the income-tax has been raised from 100*l.* to 150*l.*, so that in that way the proportion of middle-class income not included in the income-tax has rather increased as compared with what it was in his time. Allowing for the increase of population since that date you will find that you very easily get to a figure of 150 millions. But in addition to that, I have looked at the census and endeavoured to arrive at some idea of the number of middle-class incomes which are not manual labour classes, and made a computation from them as well. I should not like to go into it in detail, because it would take a very large amount of time; but I think if you compare the two things in that way, you will find that there is a very considerable income to be included. For instance, that 57 millions of assessments to the income-tax which is included in the gross assessments, but which is always deducted because that income is under 150*l.* per annum, only includes assessments under Schedules A. and B. and under part of Schedule D. There is a large part of the other schedules where the gross assessment never includes that income which is afterwards exempted. That is another indication of a very large amount of middle-class income which is not included in the income-tax, and which cannot be included in the income of the manual labour classes.

Mr. *Fowler.*

6923. You mean income from between manual wages and 150*l.* a year?—That is so; but it includes a good many incomes which are lower than the highest incomes of the manual labour classes.

Duke of *Devonshire.*

6924. With the experience which you have had could these statistics have been, in your opinion somewhat enlarged?—When I found that we had got so far advanced I felt sorry that instead of confining the inquiry to the income of the manual labour classes we had not extended it so as to include the income of the lower middle classes themselves, which is not included in the returns to the income-tax. Instead of giving you an approximate figure of the kind which I have been stating it might have been possible to state a more exact figure.

6925. Have you included principally clerks and shop assistants?—It would include clerks and shop assistants, and it would also include many professional men. It would include, for instance, a considerable number of teachers whose incomes are under 150*l.* a year. There is a very large class with incomes of that kind which cannot be included among the manual labour classes.

6926. The figures which you have given us show that there is a manual labour income of about 630 millions compared with an income tax income of 640 millions?—Yes.

6927. And a total income of 1,430 to 1,500 millions sterling?—Yes, depending upon what the amount of that middle-class income, which I have stated is not assessed to the income-tax, may be.

Mr. *Dale.*

6928. The income-tax assessment will include to some extent manual labour earnings, will it not?—I do not think a very large amount.

Mr. *Dale*—continued.

6929. Not a large amount?—These figures, which I have looked into, show such a small number of manual labour earnings coming up to 150*l.* a year, that I think the amount must be very immaterial. It would have been different, I think, if the limit of the income tax had remained at 100*l.*; there might then have been an appreciable amount of manual labour earnings which at least ought to have come into the income-tax assessments; but that hardly applies now, I think.

Duke of *Devonshire.*

6930. Have these tables any bearing on the question of the unemployed?—I think such a table as I have given you, using it along with other information, has some bearing upon the question of the effect of want of employment upon the average wage earnings at least. In these final averages that I have given you the effect of any such want of employment is very much allowed for, but, in addition, it is also quite evident that when you deal with such employments as police and other *employés* under local authorities, when you deal with the employment of soldiers in the army, and with the employment of men in the navy, and I think, to some extent, when you deal with such an employment as railways, you have comparatively steady employments, and when you get the normal rates you practically get the earnings as well. Although there are a good many employments, chiefly shipbuilding, engineering, and the iron and coal trades generally, in which there is a great deal of fluctuation, yet we have to remember, in taking a broad survey of wages in the country, that there is also a vast mass of employment, perhaps a much larger mass, where the earnings are steady, and where you have not the same fluctuation; and when you see fluctuation in that part of the employment you must not assume that that fluctuation is general. That is the impression given me by examining the tables in a broad way.

6931. These tables which you put in, as I understand, cannot give you any measure of the fluctuation in any trade, they are for one year only?—The tables themselves cannot, but then the tables are taken at a period of depression, and not at a period of prosperity; they give you a minimum and not a maximum figure.

Mr. *Tom Mann.*

6932. Are persons taken who are out of work as well as those who are in?—That is so; that is allowed for in dealing with the question in a manner like this. When you allow for the average want of employment in a fluctuating trade like the building trade, and give the average earnings subject to that deduction, you do allow for the want of employment.

6933. In the shipbuilding, for instance, would you allow there for a given proportion of unemployed?—At different times, yes, but of course the figures that we take in the shipbuilding are considerably under the average wages in the shipbuilding trade, because they are taken at a period of depression as well.

Mr. *Tom Mann*—continued.

Duke of *Devonshire.*

6934. Besides the allowance for want of employment there is also allowance to be made for short time, is there not?—Short time is also allowed for in effect in these tables, when you come to deduce the average earnings.

6935. I understand that in the preparation of these returns allowance has been made, both for want of employment and for short time?—That is so in the final averages.

6936. Have you any further observation to make on the variation in employment between good and bad times?—I think the observation to make would be that when you take such fluctuating trades for the most part as are represented in the returns which the Board of Trade gives month by month, you find that the fluctuation is from about 2 per cent., which in good times is the average want of employment, up to about 8 or 9 per cent., but if you take into consideration that that average applies not to the whole of the trades of the country, but to a specially fluctuating part of the trades, to perhaps a third or a fourth part, then it reduces your impression of the average fluctuation in the trades of the country generally, which I do not think exceeds a fluctuation of between 1 per cent. and 6 per cent. at the very outside between good and bad times, applied to the whole labour of the country. Of course it is much greater in some special trades than it is in the whole labour of the country.

6937. These returns, of course, take no account of the residuum who are permanently unemployed?—That would be so; the people who do not come into regular employment, the casual people, would hardly come into returns of this kind.

Professor *Marshall.*

6938. Are the residuum counted in the 13 millions you gave us?—I think not.

Duke of *Devonshire.*

6939. You stated that the variation in average money earnings from year to year in the whole bulk of employments in the last few years has been very small, did you not?—That is something to the same effect as I have been stating. You have a fluctuation in good and bad years in the mining trade from about 26 to 40 millions sterling in the aggregate, as between 1885 and 1891, as far as I can make out, which is a very large fluctuation indeed, and you have similar fluctuations in engineering and shipbuilding; but then if you look at the great mass of other employments, you will find that there is comparatively little fluctuation from the nature of the employments, that they are not likely to fluctuate and that they cannot have done so, and if you spread the great fluctuations over the whole mass you do not get a very large per-centage.

Duke of *Devonshire*—continued.

6940. In mining, for instance, has there been any great recent change?—There was a great change from 1886 and several years afterwards in the upward direction. What the exact recent changes have been I could not tell you, but the tendency no doubt would be at a time like this in the other direction to some extent.

6941. Have you any remark to make on the classes of occupations in which employment is the least fluctuating?—I think excepting those trades which have been mentioned—engineering and shipbuilding and mining—that in several of the highly paid employments, such as locomotive-engine driving and things of that kind, there does not seem to be a great amount of fluctuation. In the building trades, although there is a great amount of fluctuation from season to season, I do not think that from year to year there has been anything like the same fluctuation as there is in some of the other trades; and the building trades are amongst the best paid trades of community. On the other hand, I think, from what we have seen in the returns we have had, that in those trades where you have a mass of unskilled labour as well as a mass of skilled labour, and where there is great fluctuation, the labour appears to some extent to float from employment to employment, and it is very difficult in the returns to get an exact account of what the fluctuation in unskilled labour as distinguished from skilled labour may be.

6942. Your tables show, I think, that a very large proportion of the working class of the country are earning very low wages?—Yes; I think that really is the important impression which one gets, that although you have three-fourths of the working classes, that is, of the men, earning between 50*l* and 60*l*. per annum and upwards, yet you have 25 per cent., or something like that, below the line of 20*s*. per week, and that is really below the line that one would consider expedient for a minimum subsistence; it really is a comparatively low line, and not a desirable thing that we should have so large a mass of people earning such low wages.

Mr. *Tom Mann.*

6943. Does that 25 per cent. apply to adult males?—That refers to adult males; that is the impression, that it is a very large number indeed. There is no doubt that if we were distributing that class itself, the 25 per cent., we should probably find that about half were below 15*s*. per week, and half between 15*s*. and 20*s*., and, of course, the position between 15*s*. and 20*s*. is not nearly so bad as the position below that amount.

Mr. *Dale.*

6944. Agricultural labour would enter largely into those figures?—Agricultural labour would come largely into that question.

6945. Have you any qualifications which you desire to make with reference to the figures which you have given us?—I think, with

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reference to some discussions* in which I have noticed similar figures to these I have given you made use of, it would be important to point out that the distinction between working-class income, and other income of the country, does not correspond to the distinction between the income of labour in the proper economic sense of the word, and the income of capital. A large part of the other income, both that income which is included in the income-tax returns and that middle-class income which I have referred to, is income derived from labour, though it is not the labour of the manual labour classes. I think that distinction ought very strongly to be drawn.

6946. The figures are not figures of the income of labour on the one hand, and the income derived from capital on the other?—That is not the distinction; the distinction is income of what we call manual labour classes and all other income, and that is not the same thing as the distinction between the income from labour and the income from capital; that is not so at all.

6947. Is there any other distinction which you wish to make?—Another distinction, which I think ought to be considered, is, that these figures of income are not the same thing as figures of production, especially of what is produced for being consumed. The figures of the aggregate income of individuals, as each man reckons his income, do not include such services as those of women and young persons rendered at home, and which are not the subject of exchange, though similar services rendered by servants, lodging-house keepers, and hotel keepers become the subject of exchange, and give those who render them incomes. I think there is another point to be kept in mind with reference to it, namely, that these aggregate figures of income would include the income of certain kinds of labour and capital, which is credited to them in respect of work that is merely done in keeping up the industrial machine, such as depreciation. You might have workmen and capitalists employed, say, in repairing and replacing ships or buildings, that is to say, keeping the industrial machine going; and all that income would appear in these figures that I am giving you now. But what these people do is not the production of anything which can be consumed at the time. As between them and other classes it is rightly credited to them as income, but it is not the production of anything that can be consumed at the time. The figures are sometimes used as if these were figures of production, and as if all that was produced was capable of being consumed; but that would be a wrong interpretation of the figures which I have given you.

6948. You wish to make it clear that these figures which you have given us are not in any way figures of production?—That is so.

6949. I think you have already stated that the figures of income are not identical with those of consumption?—I have stated so, but I think

* In his Summary of Evidence at the part relating to this point the Witness has used the term "socialist discussions."
—G. D.

Duke of *Devonshire*—continued.

the point that I should like to go upon now is that a great deal of the income is saved and not spent at all, that is to say, besides that portion which is credited to people for keeping the machine going, and for repairs, you have a large amount of new investments; that is to say, the income is not spent or consumed in any way.

6950. Can you give any instance?—For instance, the income of railway shareholders and debenture owners is about 36 millions sterling per annum, but annually from 15 to 20 millions has been re-invested in railways in recent years. I have estimated the total annual savings of the country at different times at from 200 to 240 millions sterling.

6951. Those are from other figures?—From other figures including these. There is no doubt that it is a very large figure. This means that while the income of the country is about 1,400 to 1,500 millions sterling, stated in the way I have stated it, the consumption out of that income must be a great deal less than that. It would follow also that if the saving is made not *pro ratâ* out of the whole income of the country but is made exclusively out of certain portions of the income, then the proportion available for consumption by the receivers of those portions of income who do not save must be more than the proportion employed by the receivers of the income who do save; that the comparison of the income of the country in the way that I have given you is a very different thing from the comparison of the expenditure; and that the two things ought not to be treated as if they were exactly on the same footing.

6952. Do you carry that any further?—Another point, I think, with reference to these figures of income would be, that a very large part of the income is derived from foreign investments and is not really the income of any labour and capital in the country itself. Putting these two things together—the income which is saved and not spent and the income which is really not derived from labour and capital in the country itself—I think it would be found, with regard to any idea of a large sum to be divided by the community absorbing the productive capital of the country and dividing the proceeds equally amongst the whole masses of the community, that any sum of that kind, if you make these deductions that I speak of, would be very small indeed. I do not think that the notions of that kind which are derived from a comparison of income merely are well founded.

Mr. *Tom Mann.*

6953. Can you give approximately the proportion of the income so derived from foreign investments?—I think it must be estimated at from 80 to 100 millions sterling; we can see a great part of it quite clearly in the income tax returns and in other ways; we can see about 70 to 80 millions sterling, but not the whole of it, I think.

Mr. *Mundella.*

6954. Investments in foreign railways, I suppose?—Foreign railways are included.

6955. And foreign debts?—And foreign debts, but there are certain elements of profit which do not quite come in the same way—which do not come so readily into that particular form that we can identify them in the income tax returns; they come in in some other manner. But, of course, any figure of that kind cannot be very exact, because no one can tell exactly what the amount of foreign investment is; that is quite impossible.

Duke of *Devonshire.*

6956. Have you been able to make any comparison with the wages of past times?—Of course it is not easy to make a comparison with past times, because you have not the same complete tables of classified wages for any past time as I hope we have been able to get now; but there are certain things which are evident on the surface of the facts when you come to look at past times. If we take, for instance, the period 50 years ago, we find that half the working population of the United Kingdom, or thereabouts, were then agricultural labourers or peasant farmers, including the miserable population of Ireland at that time; now less than one-fifth of the working classes are agricultural labourers or peasant farmers, and if we take Great Britain alone, I do not think you would have much more than one-eighth part of the total working-class community agricultural labourers and peasant farmers, and I think we may say, also, that the labour of the remainder of the community not agricultural is a good deal better paid on the average than similar labour 50 years ago.

6957. A much smaller proportion now is employed at the lowest and worst paid employment?—It is evident, I think, on the surface of the facts that that large mass of labour 50 years ago which was very poorly paid has been diminishing in proportion to the others.

6958. And at the same time——?—At the same time you have had rather an increase in other employments of the rates of wages, and the two things together give you an immense improvement when you compare the present time with a period, say 50 years ago.

Mr. *Dale.*

6959. Confining it for the moment merely to money wages?—Yes.

6960. Irrespective of the value of the money; its purchasing power?—Irrespective of the value of money; of course I think the purchasing power of money is quite as great now as it was 50 years ago, if not more.

Duke of *Devonshire.*

6961. Have you made any calculation of what the increase has been?—I have made calculations at former times which are more or less accessible, and I think I may repeat just shortly what it would come out to be. The aggregate income of 24,000,000 of people 50 years ago

Duke of *Devonshire*—continued.

would not have been more than 500 to 550 millions sterling, of which about 250 to 260 millions, or perhaps a little more, would be income-tax income. Now, as we have seen, it is over 1,400 millions sterling for the 38,000,000 of people, or 37*l.* per head, against something like 20*l.* per head 50 years ago; that is the total income of all classes of the community. The working class share alone has increased from about 200 millions sterling, which I think would be an outside figure for the working class share 50 years ago, to 630 millions sterling, or from about 40*l.* per adult male (that is dividing it by the adult males) to over 80*l.* That seems to be a sort of account of what the average advance in all the different ways I have described has been between 50 years ago and the present time.

6962. At the same time the proportion of the middle class has increased, has it not?—I believe the proportion of the middle class has increased, but of course it is not quite easy to make exact comparisons without going into it minutely.

6963. These calculations you told Mr. Dale are calculations of money wages without taking into account the changes of prices?—Without taking into account changes of prices. There is no doubt that in the period since about 50 years ago there was a great rise of prices up to 1872, but that rise has been replaced by a fall in prices, and prices on the average are no higher now than they were 50 years ago. I think it would be found that they are, indeed, rather less than they were.

6964. During what time has this improvement in money wages taken place?—I think from an examination of that 50 years' return of wages which has been one of the publications of the department, and from a comparison of many of the wages that are in the Blue Books, which we have not been able to bring into the same form, that most of the rise of rates of wages took place in the first half of the last 50 years. Most of the rise of wages took place between 1850 and 1872, and was no doubt connected with the depreciation of gold, as the economists phrase it, which marked that time. But when we come down to a later period we have the estimates of Leone Levi, who took some trouble about the matter. His estimate was for 1867, when I do not think the full rise of wages in all employments had been felt, but when some part of the rise had taken place. He estimated the average wages of the working classes at that time to come out at about 38*l.* per head, of men, women, lads and boys, and girls, which compares with the present figure of 48*l.* Then Mr. Levi's average figure at that time for men was 19*s.* per week, or about 50*l.* per annum; for women 11*s.* per week, or 28*l.* 12*s.* per annum; lads and boys 7*s.* 3*d.*, or 18*l.* 17*s.* per annum; and girls 20*l.* 7*s.* 4*d.* per annum. The total aggregate figure which Mr. Levi arrived at for that time was very nearly 420 millions sterling. I think, subject to some corrections, the estimate was very fairly made with the figures available at that time, and that shows a considerable

Duke of *Devonshire*—continued.

improvement since 1867. Then, again, in 1884 Mr. Levi made a new estimate.

6965. Since 1867 the number of men employed in agriculture and other low paid employments has been proportionately diminishing?—I think so. There are two things which have made the present improvement in wages, the one is the increase of rates which took place chiefly before 1872, and the other is the gradual substitution of comparatively well paid for the inferior employments which existed at a former period, and that seems to be a change which is constantly going on.

6966. You were going on to speak of Mr. Levi's estimate in 1884?—Yes, he made a new estimate then, in which he arrived at an average figure of 42*l.* 14*s.* per head—higher than he had estimated in 1867—and this is nearer the present figure which I have given you. His figures then were, for men (males above 20) 55*l.* 17*s.* per head, lads and boys 17*l.* 12*s.*, women (females above 20) 36*l.* 14*s.*, girls 23*l.* 2*s.* These are nearer the figures which I have given you. My figures are still above the latest estimate which has been made, but so far as I can judge the improvement in the last five or six years is not so conspicuously an improvement in rates of wages as in the gradual substitution of the well paid employments for the poorer paid employments, and this, when you take an average of a large mass, shows a distinct improvement in the mass.

Mr. *Mundella.*

6967. I should like to ask you a question with respect to Mr. Leone Levi's statements; they were given, I believe, at the instance of the late Mr. Bass, the member for Derby, were they not?—I believe so.

6968. And that work of Mr. Leone Levi's you think on the whole was very well done?—The difficulty which he had to contend with was the difficulty of making any classification in particular employments. He must have looked at the matter very carefully, and he took a sort of mean of the average rates of wages that were quoted in different employments, and by employing that method upon a large scale there is no doubt that he finally got at an average which was something like the thing, saving considerable defects, perhaps, in detail, but he did not tell you how many were in each grade, as it were, he only gave you the average. I think, so far as it went, the work was fairly well done; at any rate, it is the best which we have with which I can now make a comparison now that we have got the statistics, I think, in a little better form. Mr. Levi's aggregate for 1884 was about 520 millions sterling to compare with the figure which I have given you of 633 millions sterling.

6969. But your figures are based upon a higher estimate of population?—Based partly upon a higher estimate of population, and partly upon that change from low paid to high paid employments which has been going on, and, I think, to some extent my rates are now and again

Mr. *Mundella*—continued.

higher than Mr. Leone Levi's when I come to compare them in detail.

Duke of *Devonshire.*

6970. You do not assert that there has been a rise in rates of wages for specific employments?—Not a great rise since 1872. I have looked not only at the figures which we have had ourselves, but I have looked at all the figures which were produced before the Trade Depression Commission. There were a great many figures of wages at that time, and I summarised them to some extent in a paper which I wrote on recent changes in prices and incomes. I think you will find that there certainly has been no fall in rates since 1872. You have had no considerable and marked rise of rates of wages generally since that date although, I think, there has been some steady rise, not a great rise. Then you have had this gradual substitution of the better paid employments for the less paid, and that makes a great improvement in the aggregate when you come to take things in the mass.

6971. I think you stated just now that during this period there had been no rise in prices, but is it not the fact that there has been a great fall in prices?—Since 1872 there has been a great fall, but I think the questions were put to me with reference to a period of 50 years ago, and you cannot say there has been a great fall in prices, I think, when you compare the present time with 50 years ago, because there was a great rise before 1872, but since 1872 there has been a great fall.

6972. During the period since 1872, when you consider that wages for specific employments certainly have not been diminishing, perhaps rather increasing, there has been a great fall in prices?—A great fall in prices, perhaps 25 to 30 per cent. or more in articles of common necessity.

Mr. *Tait.*

6973. That, of course, does not include house rent?—That does not include house rent.

Duke of *Devonshire.*

6974. Have you been able to make any comparison with wages in foreign countries?—I have endeavoured to make some comparison with foreign countries, but I think I should like to state at the outset, that you have not got for any foreign country that I know of (at any rate no important foreign country) a comprehensive statement of wages in a classified form. You have many partial statements of wages, you have many statements of rates of wages, but you have not these statements in their classified form applicable to the bulk of labour in a country such as I have now been giving you, and that is one of the things which makes comparison with foreign countries difficult.

6975. Do they not exist in the United States?—In the United States these things in that complete form that I speak of can hardly, I think, be said to exist. There is a comparison of wages which is tolerably well known which was made by Mr. Carroll D. Wright, now the Commissioner for Labour in Washington, when he was Commissioner for the State of Massachusetts. He made a comparison in 1884, I thiuk, of wages in Great Britain and in Massachusetts.* Of course the comparison was much quoted. I think he maintained that his figures showed that wages on the average were higher in Massachusetts than in Great Britain by something like 60 or 70 per cent. That was the deduction which he got from his figures. I think the statement for the limited purpose, the limited area of the comparison which he made, was logically defective in many ways. For instance, he took 24 different employments, and he took the average wages in each employment and added these averages together and divided them by 24, without taking into account which of the employments were numerously occupied in Great Britain and in Massachusetts respectively; and so he arrived at the conclusion that wages in Massachusetts were from 60 to 70 per cent. higher than wages in Great Britain. But the point I should like to put now is a much more serious and important one, when you compare wages in a country like the United Kingdom with wages in a country like the United States. In the United States very nearly half the people are agricultural labourers or peasant farmers, and in that statement of Mr. Carroll D. Wright's that I referred to, and in most of the statements of wages in the United States that I have seen, there is no inclusion of this immense mass, which is nearly half of the people. When you are told, therefore, that Mr. Carroll D. Wright made a comparison of wages in the United States (he does not say so himself—he says wages in Massachusetts) with wages in the United Kingdom, you have to take into consideration the fact that as to half of the people in the United States—the bulk of the largest industry of all—he tells you nothing in that comparison; and as the remuneration in that industry must be a good deal less than in the more select industries with which he deals, properly speaking you have no figures with which, now that I have got these figures which I have put before you, I can make a comparison between the United Kingdom and the United States. I may say, however, that you will find some reference to the matter in Sir Isaac Lothian Bell's book, which has just been issued *apropos* of his recent visit to the United States.† He calls attention to the fact that the agricultural production of the United States is not (estimated by the United States authorities themselves from the data which they give you, and making calculations where those data are defective) much more than about 500 millions sterling. About 500 to 600 millions sterling is the agricultural production of the United States, and as that is the occupation of nearly half the people of the United States. I think there must be nearly 10 to 11 millions of people occupied in agriculture in that way. That does not give you a very

* Sixteenth Annual Report of the Bureau of Statistics of Labour, Massachusetts, 1884.

† "The Iron and Steel Institute in America in 1890," by Sir Isaac Lowthian Bell.

Duke of *Devonshire*—continued.

large figure for the wages and earnings of the people engaged in agriculture in the United States, if you deduct mortgage interest and taxes, and other items of that kind from this gross production. My impression is that the figure per head of the males in the United States engaged in agriculture would be from 50*l.* to 55*l.* all told, not deducting the mortgage interest.

6976. Deducting that it would be less?—Of course I cannot put a figure upon the mortgage interest, but it would undoubtedly be less. There is a great deal of talk in the American financial publications about this element of mortgage interest, which is undoubtedly very serious. If you were to put in a figure, if you were to water these estimates of wages in the United States which I have seen, by including these agricultural wages and the earnings of the peasant farmer class, it would give a very different appearance to the average wage in the United States from what you get otherwise; and I do not think you would be justified in saying that the earnings of the labouring classes per man in the United States exceed those of the United Kingdom by anything like 60 or 70 per cent.

Mr. *Tom Mann.*

6977. Would that 55*l.* per annum be per worker or per adult?—I think it is per worker. The way the census figures of the United States seem to be stated include only workers really, and not the whole mass of people dependent upon agriculture.

6978. It would include the young persons, would it?—It would include a young person actually at work.

Duke of *Devonshire.*

6979. Then your conclusion is that the average earnings man for man of the working classes in the United Kingdom may not be much lower perhaps than in the United States, but they would be differently distributed?—I think the earnings are differently distributed. In the manufacturing and other employments, the impression I have got is that probably wages in the United States run about 25 to 30 per cent. more. It is not uniform in all the employments in the States, but that is allowing for the different numbers of people in different employments. For instance, as far as I can make out, the proportionate number of people engaged in the United States in the building trades is much smaller than the proportionate number engaged in the United Kingdom—that would appear from the census of 1880. But then that is also one of the highly paid employments in the United States; and the standard rate of wages in the United States seems to be 50 per cent. more than the standard rate in the United Kingdom. Then again you have to remember, when you are dealing with averages, that this is the wages of a smaller proportionate class in the United States than in the United Kingdom.

6980. Can you make any comparison between the rates of wages in Great Britain and those in France, or in any other continental country?—I find it a little difficult to make a comparison for any other country for the same reason. At any rate I could not do it without expending a great deal of time. In France, although you have statements of the maximum and minimum rates of wages in many branches of labour, you have not got any attempt to classify the population in the way that I have done, and that makes it extremely difficult indeed for a comparison to be made. But looking at the rates of wages quoted in France, in Paris, and in the chief towns of the departments, and in the great industries, I think you may say that the rates run a good deal less than similar rates in the United Kingdom. Then when you remember that these are the wages and earnings of a smaller proportionate class in France than they are in the United Kingdom, because France is also a country of agricultural labourers and peasant farmers, you will find that the average earnings of the working class community in France must be considerably less than the average earnings in the United Kingdom. I should not like to make any statement of figures regarding it, not having made an exact comparison. For Prussia there is a certain estimate made in connexion with the Classensteuer, the tax upon classes, and I propose to put in a table compiled by Mr. Soetbeer, giving a statement of the result of the last Classensteuer. This applies not only to the small incomes, but to the incomes of all classes in Germany. The effect of that is, that incomes under 525 marks, that is under 26*l.* per annum, are 4,094,000 out of a total number of about 10,200,000, or some figure like that; then the incomes between 26*l.* and 100*l.* per annum, which would with the class below include pretty nearly all the working classes, I should think, are 5,517,000, or rather more than half the total numbers; then the incomes above that, from 2,000 to 6,000 marks, or from 100*l.* to 300*l.* per annum, are 490,000; then the incomes from 300*l.* to 1,000*l.* per annum are about 91,500, and the incomes from 1,000*l.* to 10,000*l.* are 12,500, and above that there are about 1,000. All these, as I have said, are in relation to a total number of incomes of rather more than 10,000,000, and putting the working class incomes together nearly the whole of them are under 100*l.*, that is to say, you have 9,500,000 under the 100*l.* out of a total of rather more than 10,000,000 incomes in Prussia. What the exact proportion of the working class incomes would be to these it would be difficult to tell, but evidently you would get a very small figure.

6981. You can put in a table giving those figures?—I will put in a table giving those figures in marks. I have been giving some of the figures in pounds sterling (*see Appendix* CXXV.).

6982. Can you give any statement of the bearing of your wages statistics upon strikes and lock-outs?—I think the effect of these returns of wages, when you compare them with returns in relation to strikes and to lock-outs, is rather to mitigate the impression of the mischief which is done in the aggregate by strikes and lock-outs, at any rate it is a new point of view

Duke of *Devonshire*—continued.

from which we may look at the matter. The figure I find which was given in 1890 as the amount of wages that would have been earned by the workmen on strike, during the time they were on strike, if they had been earning wages during that time, was about 1,292,000*l.* Mr. Burnett tells me that the corresponding figure for 1891, which will appear in his report which is now in the press, would be about 1,500,000*l.* If you work out these figures and compare them with the aggregate wage-earnings, which I have given you, of over 600 millions sterling per annum, you will find that these losses of wages by strikes do not amount to more than a fraction of 1 per cent. of what the annual wages paid in the country are.

6983. Is it a small fraction or what?—I think it would work out to about a fourth or a fifth of 1 per cent., it is a very small fraction. Of course the proportion would be very different if you took the particular trades affected by the strikes, and so on. I think it is important, in looking at these matters, to consider that it is not all trades which are uniformly subject to strikes, but that there are certain trades, I think the more fluctuating trades, in which you have more strikes perhaps than in others, and that this is the reason why the result I have stated comes out when you compare this loss of wages by strikes with the total wage-earnings of the community. Another point which appears in these strike returns is that the average duration of strikes themselves is about three weeks, and where you have strikes for a shorter period than three weeks—I have talked on this point with various working men who are acquainted with the matter—it does not follow, although the wages are suspended for that period, that at the end of the year the workmen concerned have received three weeks' wages less than they would otherwise have received, because so short a period as three weeks in many trades at least can be made up in different ways at other times; and therefore it does not follow that the earnings in consequence of the strikes are so much less at the end of the year than would have appeared at first sight. I am therefore disposed to place the loss of wages by strikes in comparison with the total wages paid in the country at really a very small figure, perhaps even smaller than that which I have given you now.

6984. Then do you consider that the direct bad effect of strikes may be rather exaggerated?—I have been looking at such remarks as you will find in Dudley Baxter's book. In 1867, when he was giving an account of the national income, he laid great stress upon the loss of wages by strikes as diminishing the earnings of the working class community. Now, it would appear from these exact returns which we have got now, that the loss of wages by strikes had not at all the importance for the statistical purposes of Mr. Dudley Baxter which he seemed to attribute to them. Of course, there may have been a great improvement since that time in the quantity of strikes themselves, but that is the impression which the figures give me with reference to the common impressions which seem to prevail upon the subject. I am not at all saying that strikes have not bad effects; in fact, my opinion is entirely the contrary; but it will be understood that I am speaking of the direct bad effect in causing a loss of wages which can be traced at the time; I am confining my remarks to that one point only.

6985. You consider the indirect effect may probably be more important than the direct effect?—I believe there are indirect effects which are really very important.

6986. Such as?—Such as the loss of some particular trade with which there is foreign competition and matters of that kind which may be very important permanently.

6987. How far do these statistics show to what extent the trades unions cover the general field of labour?—As far as the statistics go, and I think the account of trades unions we have got now is tolerably complete, the total membership, according to the last return, comes to 871,000 out of a total working population according to the figures I gave you, which we estimate at over 13 millions, and out of a total adult male population of 7¼ millions and a total male working population of about 9 millions, I think. The number in the unions is 871,000. I think it would be found, when you look into the matter, that the unions are not uniformly distributed throughout the different trades of the country, and that there are some trades in which the unions are stronger than in other trades; this would naturally be the case, I think.

6988. What appears to be the annual income of the trades unions?—The annual income of the trades unions is nearly 1,200,000*l.*, or about 27*s.* 6*d.* per head of the members. Of course in some unions the income is a great deal more than that. The income of the union members, as they belong mostly to the higher grades of the working classes, would be probably not less than 70*l.* per head, and the union saving, or rather insurance, because it is more an insurance than a saving, I think, is accordingly about 2 per cent. of the income. Of course this is not the only saving or insurance even of the working classes, but that is a figure which you apply to the unions from your knowledge of the average rates of wages. That is what the unions all round seem to be doing.

6989. Can you give any statement of the annual savings of the working classes?—I do not know that it is exactly a statement of savings, because it includes some elements which are really more insurance than saving and it is more an indication of what the working classes are visibly doing than a statistical account. The funds of the co-operative societies, for instance, you find increasing of late years at about 1,000,000*l.* per annum. Then the annual income of the trades unions, as I have stated, but that is not all saving in the proper sense of the word, is 1,200,000*l.* per annum. Then the annual increase in the funds of industrial assurance companies is also about 1,000,000*l.* per annum, and the annual increase in the savings banks

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deposits is about 3,000,000*l.* per annum. These come altogether to about 6,200,000*l.* They do not include the annual income of the friendly societies, for which I have no figure before me just now, but I think Mr. Brabrook* gave you some figures when he was giving you evidence. I should like to point out that these are not the total annual savings of the working classes, that there is another element for which it is very difficult to make an estimate, and that is the amount saved, and which is really invested in furniture by the working classes, which must be quite as large an amount as any of these figures which I have given you. Annually there must be an addition to the investments of the working classes in this manner which ought to be taken account of in any study of working class savings. Of course these figures look very small in comparison with that figure of 600 millions of annual income which I have been giving you.

6990. Why do you include provisions of furniture as an item of saving; is it not rather an item of consumption?—No doubt furniture is eventually consumed, but undoubtedly, also, it always represents a capital sum, and if that furniture is constantly increasing, as I believe it to be, the capital sum is also constantly increasing. I think it really is an element which ought not to be lost sight of.

6991. Your estimate of the direct savings, or what may be described so—you say they are not all really savings—amounts to something over six millions?—That is so, exclusive of furniture.

6992. And in all forms you would not put it higher than double that sum?—I find it so difficult to put any figure on what the increase of furniture may be that, perhaps, I should hardly name any figure, but I think that it could hardly be said that the capital value of the furniture of the working classes increases in one year anything more than this five or six millions sterling.

6993. What would be the effect of any increase in this rate of saving on the condition of the working classes?—My impression is that a sensible increase of the rate of saving, so that instead of being about 1 per cent., according to these figures I have shown, it was to rise to 2 or 3 per cent., and become from 6 millions about 20 millions per annum, would have an enormous effect in improving the condition of the working classes, and that in a very short time instead of having 20 millions less to spend, which would seem to be the result of saving 20 millions, the wages of the working classes would increase by that amount, so that the effect of the saving after a very few years would be to leave them with the same wages as they have now, plus the saving, which would be capital of their own. My reason for expressing that opinion is that a little addition to the amount of capital annually invested at home, because most of this would necessarily be invested at home, would have a great effect upon the investment market, and would lower the rate of interest even beyond the point to which it has been lowered now. A very great effect, indeed, I believe this would have, besides the improvement in the condition of the working classes themselves.

6994. I do not know whether you can illustrate it a little further; suppose an additional 5 or 10 millions were saved by the working classes, how would that operate to raise their wages?—One reason why it would have a great effect is this, that it would come into the general market for investment. A great deal of the saving of the country which is effected is saving effected outside of the general markets for investment. It is done by people in their own business, adding to their stocks or adding to their buildings, and in ways of that kind. This would be an addition to the smaller fund for investment, namely, a fund which forms part of the general market for investment, and would have a great effect in that way in reducing the rate of interest upon investments generally; and so there would be a larger share of the income of the country to go to wages when the income on investments was reduced. That is the general idea that I have.

6995. Do your returns throw any light upon the question of profit-sharing?—Connecting the figures which I have given with the statements as to profit-sharing which appeared in the special report which was made to the Board of Trade, I think one may say that it is quite evident that profit-sharing is at a very early stage of experiment indeed, that is, it has not got beyond that stage. I do not think it is very material in a question of improving the remuneration of the working classes myself, because there are so many trades in which profits are at a minimum point, and where the people engaged in them must pay the same rate of wages as the people who have profits to divide, so that I do not think that a scheme of profit-sharing would be applicable, generally, to the working classes for that reason. The people who were able to divide good profits would constantly find themselves exposed to the competition of people who were at a minimum profit, but who still must pay the same rate of wages for the same work or they would not get the work at all. Therefore, I do not think that profit-sharing can ever be a solution of any of the problems of increasing the remuneration of the working classes. At any rate, the main point I am bringing out is that the whole scheme of profit-sharing is in an early stage of experiment and has not got beyond that.

6996. You see no objection to its being further developed?—Of course I see no objection to those who are interested trying it and endeavouring to develop it as much as possible. No doubt there may be some trades in which it can be more usefully applied than in others, and that almost all the people in particular trades might have an arrangement for profit-sharing. But whilst I see no objection to it, and I should like

* 3rd Day, Whole Commission, pp. 80 *et seq.* of this Volume.

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to see it tried as much as possible, I am pointing out the experimental character of the business at present, and, as I think, a fundamental difficulty in the way of its ever being a solution of the whole problem of increasing the remuneration of the working classes or of improving the relations between working men and the capitalist classes.

6997. One of the publications you enumerated at the beginning of your evidence, I think, was the "Report on Wages and Cost of Production"* ?—Yes. I think that was a very important report which was issued by the department. It was specially issued in consequence of the representations of Mr. Bradlaugh, who was one of the most active people in getting the business of labour statistics taken up by the Government. I went through the whole subject of the method of this report with Mr. Bradlaugh, endeavouring as far as possible to meet his wishes, and going through the different Blue Books in detail with him from which he thought that interesting information with reference to wages and cost of production could be brought out. There is no doubt that a great deal of useful information on all these heads is to be found in that book. When you come to discuss this question you will see that what is really desired by many intelligent members of the working classes, and by some economic students, is an account of the proportion of wages to profits, that is the final figure which the working classes are interested in, and which they would like to have brought out. What I should like to point out is that the true mode of getting at that result is not by such a volume as was got up by Mr. Elliott after my consultations with Mr. Bradlaugh, and not by such methods as have been followed in the United States in that volume of the "Cost of Production" which was issued by Mr. Carroll D. Wright two years ago;† the only way of getting at it, is by such aggregate statements of income as I have put before you to-day; that is the real means by which you are able to compare the income from capital and the income from labour when you fully develop the figures; that is the only means by which you can do so. If you confine yourself to particular trades you get every variety of result. In some trades the proportion of profits to wages might be as 60 is to 40 per cent.; in other trades it might be as 20 is to 80 per cent. In some services with which we have been dealing—for instance, in domestic service—there is no question of profit coming in at all; the payment is directly for a service rendered, and there is no question of competing profit of any sort or kind. Therefore if you are to get in any way the relations between wages and profits, the only effective mode of studying it is in the way I have put before you, by comparing the aggregate income from wages and the aggregate income from capital in the best way that you can. Of course there is no complete way of doing it because there is a great deal of income which is both from labour and from capital, and you can hardly tell how much is to be assigned to labour and how much is to be assigned to capital.

6998. In what sense do you say that it is important to the working classes to know these figures? You say that what is wanted necessarily is the proportion of wages to the whole return to industry and to other income; besides the interest of it as a statistical inquiry, what is its practical importance to the working classes? —The practical importance has arisen, I think, chiefly in connection with discussions in which it has been assumed that the proportion received by the manual labour classes is very small in comparison with the proportion received by capital. This is a means of arriving at some sort of true knowledge on the subject, and you cannot get it by accumulating isolated facts respecting particular trades unless you take some step to bring them all together. I do not say that in my opinion the subject is so very important, but it is important with reference to the discussions which have arisen.

6999. In view of certain discussions?—In view of certain discussions. There is no doubt that many people take a great interest in these discussions, and a great deal of importance is attached to them.

7000. Another of the publications you have enumerated was one on the cost of living and the working class budgets?—Yes, that is one of the special publications which were made and which has not been continued, although, I daresay something more would have been done in that direction if Mr. Burnett had not been occupied with this Commission during the last two years. I should like to put it that there is a limit to the usefulness of such returns in the indefiniteness of a great deal of the information which is given in them. Beyond the fact that the proportion spent for food out of income diminishes as incomes increase, and that the proportion spent for rent and clothing increases, very little, it seems to me, has been really ascertained by means of these budgets which can be of great utility. Some of the facts are curious perhaps; but what of solid value is to be ascertained by means of them I am not quite so sure of. The second thing that I should like to say about them is that they are not good subjects for what one may call statistical inquiry. To a statistical inquiry it is important that you should have a large mass of observations, and clearly, from the nature of the case, you cannot have a large mass of observations in this matter. In the first place there are not in existence the budgets themselves to the knowledge of the people regarding whom they were made. There are very few people in any class of society who could give you an annual budget, and I am quite sure that amongst the working classes, from all I have seen, the number who could give you an annual budget, an actual statement of what they had spent on different things in a given year, is not very considerable. Instead of that, what we gave at the Board of Trade were the exact

* [C.—6535.] Report on Wages and Cost of Production (1891).

† Sixth Annual Report of the Commissioner of Labour on "Cost of Production, Iron Steel, Coal, &c.," 1890.

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budgets which had been given to us, the exact data as particular individuals had given them to us. But what you have had mostly in the so-called annual budgets that have been published are not annual budgets in the proper sense of the term, but inferences from facts which have been stated to individual inquirers from which they have inferred certain things, and they have put down these inferences of theirs as the annual budget. But you have not got in these statements that have been published the original data and the original facts themselves. When I look at a great many that have been published, especially many of the American budgets, what I find is that you get extremely round statements, round figures, and then I know that you are not getting actual facts at all, but you are getting inferences, as I call them, by unknown persons from facts which they do not state, by processes which they do not describe, and that is not a sufficient basis for a statistical inquiry. What I think you can get is what M. Le Play did, who gave a minute account of a certain very limited number of working class budgets, and told you exactly how he had ascertained the facts and how the whole thing was done. That is an intelligible and a trustworthy process. But if you send an agent to 100, 200, or 300 people, and ask him to put down—almost to leave it entirely to his discretion to put down—certain items which he says were spent in a year by a given family, and he does not tell you how he ascertained that the sums were so spent and tells you nothing about it, then you have not got anything at all upon which you can trust for information. It seems to me that you have got no information. Then the other point is that you ought to make sure that these budgets, when you have got them, are really typical of large classes, and that means that you must take them in a mass far exceeding anything that has yet been done.

(*Sir Michael Hicks-Beach here took the chair.*)

Sir *Michael Hicks-Beach.*

7001. I think you are responsible for the statistics on emigration and immigration, are you not?—That is so, generally.

7002. The Commission have had a good deal of evidence from different quarters on the subject of alien immigration to this country. Have you anything to say on that head?—I should like to refer the Commission to the last report upon emigration and immigration which was issued by the Board of Trade, in which we made estimates, or rather deductions, from actual facts which are not capable of dispute as to the number of alien immigrants coming and settling in this country. I think the figure which we arrived at as an outside figure of the Russian-Polish Jewish element which comes to this country was, that in the year 1891 from 10,000 to 12,000 was the maximum number which could have settled. That was obtained in the way that is fully described in my last report upon emigration and immigration. The materials at the Board of Trade on the subject are really very complete, because we first of all take account of the total passenger movement of the country, and we find, when we examine that account and look into the special question of the foreign passenger movement to and from non-European places, that the maximum number of foreigners who can arrive in this country from all places above those who go away again is 21,000, and from that a deduction must be made for sailors arriving in this country who come to take up shipping in this country, and who do not go away as passengers again, but who go again as sailors, and of whom, therefore, we get no account in the outward passenger movement. We know absolutely as a matter of fact that the maximum number of foreigners who could have settled in this country in 1891—and that was a larger figure than for any previous year—was about 12,000. Then we compared that with the alien lists themselves, examined them in detail, and we found that the total number of Russians and Poles, so called from the country from which they came, who arrived in this country in 1891 from the Continent, was 12,600, that is to say, the number arriving without through tickets to America was 12,600, and of that the number arriving for settlement must be something less. That is how the statistics of the immigration of foreigners stand. We are quite satisfied at the Board of Trade that these figures are absolutely trustworthy and beyond dispute. We have had the alien lists for the last 18 months or two years very carefully examined, and a special report upon each list from an officer of Customs who visited the ship and inspected the people.

7003. But though the numbers are small yet they may be important in the special industries which are affected, may they not?—We always admit that they may be important in special industries and in special localities, wherever they happen to settle, but with reference to the general industry of the country the figures are yet quite unimportant.

7004. Is that immigration increasing or decreasing at the present moment?—For 1892 the monthly return has been issued, and we know from that that the numbers arriving in 1892 were probably about 4,000 less than the numbers arriving in 1891. In August last almost a complete stop to this alien immigration was put by the cholera regulations. For one month absolutely no immigrants came from Hamburg, and since then not more than 100 or 200 per month. At this moment, in January, as far as the returns have yet gone, we know that there is a great reduction upon the figures of January last year, so that the immigration at this moment is comparatively at an end.

7005. Have you anything to say on the advisability of attempting to deal with the subject?—The problem has come before me, although it has not exactly been an official matter that one has had to take up administratively, because I think the business of dealing with a question like this belongs more to the Home Office or the Local Government Board

Sir *Michael Hicks-Beach*—continued.

than to the Board of Trade, but I have had occasion to consider the matter, having seen a great many of the foreign laws and regulations on the subject, and the proceedings of American and Colonial Committees upon the subject. The idea which has occurred to me is that there is a great danger for this country in taking up any question of restricting immigration, because as a matter of fact we are one of the largest emigrating countries in the world, and countries like the United States and like our own Colonies, to which our emigrants proceed, are only too ready as matters stand to take up measures for restricting immigration. Therefore, there is some reason to apprehend that if we give them an example, if we give them something that they can quote, the thing that we do may be turned against ourselves. The problem, therefore, is one which requires a great deal of consideration on all sides. There is no doubt that some of the immigrants who have come to settle are disagreeable people, that that is not a thing one would like to encourage, and that there are a great many reasons to be given why it is desirable that that immigration should be stopped if possible; but questions like this should, of course, be considered from all points of view, and the fact that we have a large interest in emigration is one of the things that this country ought to consider.

7006. Do you agree with the opinion which has been expressed by several witnesses here, that wages are lowered by this foreign immigration?—I think that whilst there is an appearance of intensity of competition at one or two points, naturally as the result of foreign immigrants going into one or two particular trades, yet evidence of that kind is not evidence that wages are substantially lowered by this immigration. If you take into account all the effect—what is happening in other trades and the outlets which people who are displaced at one or two points find in other directions—I do not think you would find, after a certain lapse of time, that there is any material lowering, or even any lowering, of wages at all, which could be distinctly traced to this foreign immigration. People who are competed with are naturally inclined to think that if a certain competitor is removed their wages would rise almost indefinitely, but we know from other facts of business experience that that is not so, that there is a range of wage both maximum and minimum, which would not be governed in that direct manner by competition, and it is neither to be assumed that if competition is removed wages would rise much higher than they happen to be at a given moment, nor if the competition increases, wages would fall much below that point. I have not seen the evidence which you have had before you, but that would apply to a great many statements in detail which I have seen.

7007. Have you any other point on that subject which you wish to mention?—I think the other point I would mention is that in the United States they have not as yet successfully dealt with the problem of restricting immigration. The laws which they have passed are directed against the immigration of paupers and members of the criminal classes, insane or infirm people, and people who are likely to become a charge upon the community of the United States, but they have not dealt in any way with a great mass of immigrants, and in point of fact for every one man of Russo-Polish-Jewish extraction who comes and settles in this country you may say that 10 have gone to and settled in the United States, in spite of all the restrictive laws which the United States have passed. They are considering measures of different kinds at the present moment, but whether eventually they will result in anything effective being done remains to be seen Some of the evidence before the Committees which have investigated the subject hitherto is really very instructive on this matter, as showing the way in which former laws upon the subject have practically been evaded, and that they are not available for stopping very seriously even the immigration of some of those very persons which they have been desirous to prevent. That is the state of the United States legislation upon the subject.

7008. How was it that the cholera restriction stopped this immigration. What was the particular restriction which you think stopped it?—I think the restriction was the quarantine which was imposed upon persons coming from an infected port. These poor people come at a very low rate of charge, and the companies could not afford to pay the expense of quarantine, and therefore they did not bring them at all.

7009. That is the direction in which the Americans are now attempting to legislate, is it not?—I think perhaps they are going beyond that; they are not merely imposing strict quarantine laws, but requiring certificates from the place from which the immigrants come as to their fitness, and matters of that kind, which may make the trade of exporting emigrants, if you might phrase it so, to the United States still more difficult than it is now.

7010. Less paying to the companies, in fact?—Less paying to the companies. The traffic is one which does not bear a high charge, which stops if the charge is high.

7011. You have something to say, I think, with regard to the hours of labour?—I do not think I have anything particular to say, except to call attention to the fact of the general tendency shown in that return to diminution of the hours of labour, and to add that this fact is confirmed by the various returns of the department which we have received since in connection with wages, in connection with trades unions, and in connection with strikes and lock-outs. There is no doubt there has been a sensible diminution of the hours of labour during the last 20 years.

7012. Would you say that it had been regularly progressive, or that the diminution had been greater within the last two or three years?

Sir *Michael Hicks-Beach*—continued.

—I think it comes in good years; that it is not a thing which is continuous from year to year; that whilst some of it took place in 1872-74, and again in 1882, 1883, and 1884, which were good years, and again in 1889, 1890, and 1891, it does not take place in every year so much as in those years when trade is good.

7013. Has there been a tendency in the bad years to lose ground at all in the matter?—I have not obseved that whenever short hours are established there is any tendency to go back to the longer hours, certainly not a noticeable tendency upon an extensive scale.

7014. Now, you have had to consider at different times, questions not strictly raised by the statistics or other information published by the Board of Trade, have you not?—Yes. One or two of them questions which have been prominently brought before me, sometimes by the authors of pamphlets upon the subject, or by political personages greatly interested in them.

7015. Among those questions, I think you have considered that of the proposed systems of State insurances with reference to old age pensions, have you not?—Yes. The thing which has been impressed upon me in connection with this, and that is from reading a great deal which has taken place in foreign countries about it and from former experience in the matter of insurance, is that a general and compulsory insurance either against accidents or for old age pensions and the like, would involve very great expense, that the organisation and all that would be most expensive and very difficult for the State, and that there would be a great extension of State officialism, involving the creation of new departments and otherwise a very serious change in the business of government. The other fact to which my attention has been called is that there is yet no sufficient experience of the matter; that in Germany you have only had this system of compulsory insurance for two or three years; and really to test an experiment of that kind would take undoubtedly 30 or 40 years, because the real difficulty of an insurance scheme only begins to be felt as time goes on, and when you have to apply machinery to see that the right people were paid as well as to see that you were getting in the funds properly. Of course we have had no experience of that kind with reference to compulsory insurance, but there have been various experiences of the difficulty of dealing with pensions, owing to fraud and imposition, when these pensions are upon an extensive scale.

7016. Does any observation occur to you upon the experience of Germany so far as it has yet gone?—I think even now with Germany, the experience has been that the cost of collection and administration is something like 25 per cent. of the funds collected, but I cannot give you the exact figures, not having the recent reports in my mind; but a great deal of information exists regarding the German insurance schemes in the Board of Trade Journal, and those contributions which have been made to the Board of Trade Journal from time to time.

Sir *Michael Hicks-Beach*—continued.

7017. Do you think it would be equitable that the State should contribute towards funds of that kind?—I think there is no objection on the score of equity to the State contributing, because there are certain funds collected by the State which are used for the general purposes of government, called non-tax funds. They come from sources of revenue which are not taxation, and I think there are some sources of revenue occasionally put in the category of taxation which might more properly be put in the other category. But, without including those, there are such revenues as the revenue from the Post Office, and what is called the land tax, which I think are not in the nature of contributions to taxation by the general taxpayer, each of them bearing the burden of the State in proportion to his means, but which are really revenue derived practically from an estate which you may consider belongs to the Government, and I think as regards all revenue of that kind, where it is applied to the general purposes of the State, it is not applied equally for the benefit of individuals belonging to the State. That is to say, a wealthy taxpayer whose contribution might be hundreds or thousands of pounds or something of that kind, if funds of this kind that I speak of are applied to the general purposes of the State, is relieved in proportion to his contribution to the taxes of the State, and the man whose poverty makes him unable to contribute more than a very small sum is only relieved *pro ratâ* of that sum, so that out of these general funds, which really belong to the whole community, a rich man is practically getting the equivalent of hundreds or, perhaps, thousands of pounds, and the poor man gets only, perhaps, a shilling or two, and I think that that is the reason, as it seems to me, why, if there are funds of that kind, they might be applied towards objects in which the community would benefit equally per head, and not in which some taxpayers would be relieved far more than others because their contributions are more than others. There are local taxes of the same kind I consider. That is a reason why there may be a contribution by the State to objects of that kind, without its being supposed that it is taking money from the rich and giving it to the poor.

Mr. *Jesse Collings.*

7018. Would you specify any local tax of the same character?—Well, I am inclined to think that the great part of the rates are taxes of that nature, but I should not like to go into it in much detail and argue the whole question of the incidence of rates now. There is no doubt that a great part of the local taxation, also, is spent equally for the benefit of members of the local community; that is a point which has to be considered.

(*Duke of Devonshire here resumed chairmanship.*)

Duke of *Devonshire.*

7019. While you are of opinion that there could be no equitable objection towards a State

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contribution towards such fund, you do not see your way to its practical application?—I think not; there are so many questions of expediency in dealing with a subject of that kind, that I do not know that a contribution by the Government towards a compulsory insurance, either for accidents or for old age, would be a useful and wise expenditure of funds for the equal benefit per head of the whole community, as compared with, perhaps, many other things like education where the State has contributed.

7020. You are of opinion that such funds might, perhaps, be more usefully applied in other directions?—I think that, for instance, the increase and improvement of infirmaries and hospitals and their control and their being, largely or wholly supported by the State, would be a legitimate use of such funds, and I think that would be for the benefit of the masses of the community.

7021. You are prepared to say something on the subject of the eight hours' day, are you?—I have one or two observation, to make, and the first one is that I think the eight hours' day to a very large extent is coming of itself, because in many trades a greater amount of production and better quality of production is thereby obtained from the human machine than with any other number of hours that can be devised, and I think that where that is the case you may leave the eight hours' day very well to come of itself because it must come. I think that all the evidence which we have of the great reduction of hours which has taken place in the last 30 or 40 years in cotton spinning, in cotton weaving, and in the textile trades generally, in railway employments, and in the building trades I might add, and mining, all points to the fact that if not an eight hours' day something very nearly approaching to it is coming of itself. I think that is the conclusion that one must come to from looking at all the facts of the case.

7022. Can you give any cases in which you would say that it is coming of itself?—I think in these trades that I have mentioned, in mining for instance, there are a great many persons employed in mines who do not work more than eight hours per day on the average or the equivalent number of hours per week, and in certain kinds of employment on the railways, I think in locomotive-engine driving, and in some of the better kinds of work, people do not do more than eight hours' work per day on the average. Then there are some signal stations where the limit of hours is, I believe, eight, and there are no doubt many other employments of like kind where the limitation of work to eight hours exists, because a longer number of hours would be inexpedient either for the amount or for the quality of the production.

7023. But in cotton spinning, does the eight hours' day prevail in any part of the trade?—Not in cotton spinning, but you have got down to about 9 hours or 9¼ hours.

Mr. *Tunstill.*

7024. You are not thinking about the legal eight hours' day, are you?—No, but that is practically what it comes to.

Duke of *Devonshire.*

7025. My question is, are the hours in any branch of the cotton spinning trade less than the number which legally they might work?—I could not say exactly; I think in some cases they are, but I have not in my mind at this moment the statement as to hours, which you will find in the cotton wages return which I have referred to, but as a matter of fact the hours are considerably less than they were 30 or 40 years ago in the cotton trade.

7026. In other employments, where the conditions are reversed and where a greater amount of production can be obtained by longer hours than eight, what is your opinion as to legislation in those cases?—I think it should be a matter for careful inquiry by those interested, whether shorter hours in those particular cases are desirable. I think that the rate of wages in employments of that kind will be determined by the average remuneration of labour generally, my idea being that all rates of wages are related to each other, and consequently a reduction of hours in such employments where a less number of hours would not be the most productive would really involve a relative reduction of the rate of wages in those employments compared with others, and that is actually involved in the bare statement of the facts.

7027. In many cases it would appear to you to be a question between more pay for long hours and less pay for short hours?—That is the way that I look at it, and I think it is a question that ought to be carefully considered by the people interested, who happen to have longer hours than eight or nine, whether if they go for short hours they can hope to have the same relative pay as what they have, and I think that is really a matter for serious consideration before they consent to a reduction of their remuneration, which would be involved.

7028. You are aware that in the opinion of some of the advocates of the compulsory eight hours' day, the shortening of the hours would not necessarily lead to a reduction of wages. In the opinion of some of them it would lead to an increase, one reason being that it would have a tendency to provide for the unemployed?—I think that there is no evidence of any such effect resulting from short hours where they have been tried, and as a matter of reasoning the effect would not be so, because substantially, unless you are to have a reduction of the profits paid to capital which depend on a great many other things, so that the reduction would probably not take place, the reduction of production would necessarily mean a reduction of the wages of those producing, and there would be no increase of the remuneration, and I doubt even whether there would be any provision of employment for those who are not employed. As all kinds of labour are related to each other, it might in fact happen that a reduction of the

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hours in a particular trade, where a particular process was employed, would lead to a great reduction of remuneration in other employments related to it, because there would be no relative work for them to do. I think if one employment ceases or is diminished to a certain extent other employments attached to it must also be diminished.

7029. If there was a reduction in the work for skilled labourers who worked more than eight hours, and who could not produce so much in the eight hours as they did in the longer number of hours, then in your opinion there would be a diminution of employment for unskilled labour?—I think that is quite clear, and I think there has been sufficient experience in many trades to justify an observation of that kind. You find, for instance, in all strikes, that when a strike takes place, not only are the people engaged in the strike out of employment, but a great many others indirectly affected are also thrown out of employment. The skilled people in a place strike and immediately there is a want of employment for the unskilled, or the more skilled strike and there is a want of employment for the less skilled, and it must follow as a matter of course, that if in any way you diminish the work of the skilled at all, you must also diminish the work of the unskilled dependent upon them. The two things must go together.

7030. You are aware that there is an impression that by a reduction of the hours of labour, labour would become scarcer, and capital would have to pay more for it?—Yes, but that is only assumption that there is a scarcity that could be produced artificially of all kinds of labour simultaneously, whereas the case now, and almost at all times, is that there is a certain amount of skill (I do not say a very great deal of it) which is always scarce, and if you diminish the amount of that skill that is exercised, you might create an additional demand for that skill, but you do not create an additional demand for all the different kinds of labour depending upon it at all unless you increase the production.

7031. The question depends to a certain extent on varying rates of remuneration of capital, does it not?—There are also varying rates of remuneration of capital, and a proportion, you may take it at any given moment, is engaged at little or no profit. The attempt to increase the remuneration per hour with the number of hours diminished, or even to keep up the remuneration, would fail, on account of this proportion of capital which would cease to be employed. It just pays now to employ this portion of capital, and it would cease to pay under the new condition.

7032. Then in your opinion a compulsory eight hours' day enforced generally would not be beneficial to the working classes?—I think it would be, on the whole, injurious. I think that it could not by any possibility improve the remuneration at the present time, and the remuneration of many, whose remuneration is below what I consider the proper minimum, would be diminished.

Duke of *Devonshire*—continued.

7033. You were speaking then of the compulsory eight hours enforced generally?—Yes.

7034. Now as to a compulsory eight hours' day in special trades, what do you say?—I think, of course, that anything that is not general would not have so much effect. Take almost the largest industry you can speak of, it would not have much effect upon the general industry of the country, unless in the way I spoke of, that one industry is dependent upon another, but anything compulsory of that kind, where an eight hours' day would not come about naturally, would clearly diminish the rate of remuneration of those engaged in it relatively to other employments.

7035. Have you considered the proposals of local or special trade option?—With reference to local or special trade option the point I should like to put before the Commission is one which has been very much present to my mind in dealing with these statistics of wages, and that is the very great difficulty first of all of defining a trade, and then the great difficulty there would be in registering in such a way that the law could take notice of it, the members belonging to that trade, so that they could exercise that local option. I think one illustration of the difficulty that one could give would be found in the printing trade. You would immediately have to face a difficulty like this: whether you are to deal with what one may call the newspaper trade, or with what working men would call the printing trade proper. If you were to take the newspaper trade as well, naturally you would have to include editors, and sub-editors, and reporters, and many other people as belonging to the trade, while the printers technically so-called would only be a small part of the people who would have a voice in the business. But if you were to take the printers technically so-called as alone having a voice, then you would give to them an option which they were to exercise which would have great effect really upon people of the same trade who were not allowed to have the option. In the textile trades and other trades there is no doubt that you have the same difficulty of a great complication of trades, and it would be really very difficult indeed to draw the line, and say what a trade is for the purpose of registration, and then after that you would have the further difficulty of inventing a register and keeping it working, and having it ready for use when required.

7036. You have found this practical difficulty in defining trades in the preparation of your wages statistics?—We find that there are a great many different trades. We make a large group, but we are quite aware in dealing with the groups, say the cotton manufacture, for instance, that really it is not one trade but fifty, and as to the woollen manufacture it is not one trade but perhaps a hundred or more. We find that the trades are really separate to a degree which makes it difficult for an outsider to follow.

Duke of *Devonshire*—continued.

But I spoke more particularly of the printing and publishing trade just now because that is a case where I do know something of the actual complexities of the matter.

7037. There would be other difficulties in bringing out a plan of trade option, would not there?—As I have suggested here, you must take the same trouble over your register as is taken over a parliamentary register, and I see that I have added here in my summary that there must be the same protection of purity of voting, perhaps more efficient protection, as there would be immediate pecuniary interests at stake when any proposal for imposing an eight hours' day, or a nine hours' day, or any other system, was put forward.

7038. Are there in your opinion any special employments which might form an exception?—I think there is no doubt that employments such as railways, mining, chemical employments perhaps, and other dangerous employments, which one could find if one were going through the list, where, on account of danger to health, or other public interest, if the hours are excessive, there would be reasons for restricting the hours of labour, and restricting the hours of labour even for adults, but in those cases what I have to suggest is that the Legislature, on public grounds, and not by any kind of local option, should take the matter into consideration, and decide whether there are any sufficient reasons for limiting the hours of a particular trade to a certain extent in the public interest. I quite believe that there are many cases where this may properly be done.

Mr. *Dale.*

7039. By the public, do you mean Parliament?—Parliament, and the public, which sets Parliament in motion—public grounds. Do you mean legislation?

7040. I understood you to say that where trades were of a special character, which might on grounds of public safety justify some limitation of the hours of labour, that that should be done, not by local option, but, I think your expression was, by the public?—I think that is so. That is the meaning I intend. It should be done by Parliament, and on public grounds, and after public inquiry.

Duke of *Devonshire.*

7041. On what grounds would you include mining in those special employments?—Mining is an underground employment. It is also a dangerous employment, and I think these are two sufficient reasons why its case may be specially considered.

7042. But the danger is not necessarily in proportion to the length of hours worked, is it, in mining?—I do not think necessarily in proportion to the length of hours worked, but I think to some extent the working of long hours underground would lead to inattention on the part of the workmen at the end of a long day, that might not happen at the end of a short one, but it may be desirable in the public interest, one might say, that we should not allow any man to work underground, for social and other reasons, because of the effect upon himself. It is not desirable that people should be allowed to work underground beyond a certain number of hours.

Duke of *Devonshire*—continued.

7043. Have you given any consideration to the proposals for the municipalisation or nationalisation of labour?—Some of the matters which have been brought before the Commission in this respect have been brought to my notice, and I think I ought to bring before the Commission some of the experience I have had in connection with the administration of the State, as I happen to be in the position of having seen the working of business outside the Government, and seen a great deal of it, and of having also seen the working of business inside the Government, therefore I can give the resul of my observation, which I gave, I may say, to Sir Matthew Ridley's Commission.

7044. In Government departments? — In Government departments. I have been much struck in my experience of public offices by the difference of style in business, as compared with private enterprise. I do not think that the men in public offices are inferior to those outside, or that they do not work so hard, because the contrary is to a certain extent the case, but there is necessarily great waste in public work in consequence of two things, the necessity of registering everything which comes, which imposes a great and very heavy task on those concerned who have to do the public business, and then, because of their not working to profit, there is a great difficulty in Government departments, and great friction is often produced by measures which are adopted for economy, and which it is very difficult to change. If you look into them you find there is a good historical reason for the thing having been done, but, as a matter of fact, great difficulties are imposed in the way of doing business rapidly and satisfactorily, and for these two reasons, the efficiency is not such in Government work as there would be in private enterprise. I have gone into the matter with people who have had some opportunities of observing, like myself, and the conclusion that we come to, is that there is waste in a Government office, not from the fault of anyone concerned, but from the necessities of the case, as compared with private enterprise, There is a waste of about one-fifth or one-sixth of the energy of the department, owing to the fact that it is Government work and a big office, difficult to manage, and that it is not private enterprise. Things have to be done that would never be done in private work at all, and that is a waste of energy.

7045. Is it the case that Government or municipal work is increasing in scope?—There is some impression that Governments are taking up a larger and larger amount of work, but when you come to examine a long period of time, and to examine it in detail, I think the evidence seems clearly to be that the proportion of the income of the community which the Government spends is not an increasing amount, but, I believe, is rather a decreasing amount, at

Duke of *Devonshire*—continued.

any rate when we take a long period into comparison. If we go back to the time of the great wars at the beginning of the century, we find that about three-eighths to one-half of the whole income of the country was really spent by the Government, and even after the wars were over, you would find that, I should say, about one-seventh or one-eighth part of the whole revenue of the community was really spent by the Government, whereas now the proportion so spent does not come to one-tenth part, or a great deal less than a tenth part, I think. This is making a comparison over a long period of time. Then I have looked a little into matters as to how the facts are in more recent years, and, of course, the supposition now is that it is local government which is gradually assuming increased functions, and gradually coming to do more and more, but if you take a period of 10 years ago, and compare it with the present time, you find that the total expenditure by the local authorities in the United Kingdom some 10 years ago was about 61 millions sterling (that is in 1879–80). In 1889–90 it is 67 millions sterling, that is an increase of not quite 10 per cent. in 10 years, and that is not quite so much as the increase of the population of the country, and not quite so much as the increase of the wealth and resources of the country, so that on the face of it you cannot say that the amount spent by the Government, and the share of Government therefore in the whole business of the country, is really an increasing amount at all. That is not quite a true impression.

7046. What is the item under which that 67 millions comes?—That is the local expenditure by all the local authorities in the country.

7047. Does that include the relief of the poor?—That includes the relief of the poor, but that happens to be a comparatively stationary amount. The chief item which increases is the expenditure by town and municipal authorities for police and sanitary and other public purposes.

7048. But has not there, during this period of which you speak, been an extension of municipal control over such things as gas and water works?—Still, putting it altogether and measuring it against the general expenditure of the country and the general income of the country, you do not find that it is an amount that is increasing in proportion. Putting it altogether, in spite of all the tendency for Government and municipalities to take over and do things which private enterprise would otherwise have done, the proportion administered by Governments is not really increasing.

Mr. *Dale.*

7049. Of what do you make these financial figures the measure, the measure of Government control?—Yes. The supposition is that the administration by Government is an increasing administration, that it is constantly taking over things that might be done by private enterprise, but if that were the case its expenditure would be continually increasing, more in proportion than the total income or expenditure of

Mr. *Dale*—continued.

the country is increasing, but as a matter of fact you will find it is barely increasing in accordance with the increase of population.

Mr. *Jesse Collings.*

7050. Have not you left out all the profits of the great undertakings which have so largely increased and which go to the reduction of expenditure?—That hardly comes in. I am looking at the particular fact whether the administration is by the Government or not.

Mr. *Livesey.*

7051. By government you mean local government?—Yes, local government; and this is the total amount which they expend.

Mr. *Jesse Collings.*

7052. Yes, but that is the expenditure, is not it, after the profits which have been made out of the undertakings have been deducted?—I think not generally.

7053. Let us take the Birmingham Corporation, for instance, in relation to gas. Perhaps the facts would make it appear as if Birmingham were spending less money on such undertakings, whereas it is the fact that it is not so?—I could not say, without looking into the thing in detail, whether in the accounts as the local government make them up they do include the gross income and the gross expenditure, but certainly they ought to have done so. They ought not to have presented accounts in that way, and whether the point now made would in reality make much difference would also require to be investigated.

Duke of *Devonshire.*

7054. But the figures show that the amounts dealt with are not rapidly increasing?—Are not rapidly increasing.

7055. Not increasing in the same ratio as the population increases?—I think not.

7056. What do you look forward to as the principal source of improvement in the economic condition of the working classes?—It seems to me that, apart from all that can be done by Government and by various philanthropic institutions, we must look for improvement in the community most of all to the progress of invention and the progress of education, and I think especially that if it could be done it would be very important that there should be a greater development of what is really a virtue in this matter, and that is the virtue of thrift, which would really have a great effect in the way that I have described already, in raising the wages and earnings of the working classes themselves. That, of course, is a thing to be brought about by a moral improvement generally.

7057. I think you have already given to the Commission your opinion as to what would be the effect, supposing it were possible, of a saving of 20 millions a year out of the wages of the working classes?—I think the effect would be that the infusion of that sum into the markets for investments would lead to the reduction of the average remuneration of capital by a certain amount, and, of course, the difference would go to the remuneration of the other element in production, that is the remuneration of

Duke of *Devonshire*—continued.

labour, so that the effect of this thrift would be, as I believe, that in a very few years the working classes would be practically receiving the same income as they now receive for the purpose of expenditure, and there would be the possession of that capital in addition. That is my belief.

7058. I think that is the conclusion of the evidence you propose to offer?—I think there is just one point I should like to add with reference to some evidence which I have seen that was given before the Commission, with reference to its becoming one of the duties of a labour department to publish forecasts of the probable condition of trade. I am not exactly sure by whom that was mentioned,* but I think a point of that kind has been mentioned, and what I should like to say with reference to that would be that the facts from which inferences might be drawn as to the probable condition of trade are already to a very large extent, in fact, if not completely, made public. You have such public facts as the Baring crisis, which everyone sees and hears, and such facts are among the most important that would be used in making forecasts of that kind. But the difference between a department publishing facts from which a forecast might be made, and actually making and publishing the forecast itself, would be very great; and I think I should deprecate any department attempting to publish forecasts of that kind. What I should say would be that if you could find people who could make infallible predictions of that kind, or even predictions that would be right in nine cases out of ten, the people who could make them would not be in the service of the Government, but would probably be on the Stock Exchange or on some other markets, making fortunes for themselves. I think it is really not desirable that a public department should engage in making forecasts of that kind, although, of course, it is a very different thing to publish very fully and completely the facts from which those concerned might make inferences for themselves.

Mr. *Tom Mann.*

7059. One question concerning these forecasts. Do I understand you to say the data are already available?—Very largely.

7060. Available at a sufficiently early date?—I think so. If part of the data, for instance, is such a big fact as the Baring crisis, then it is only a question of how to interpret it. The fact is known to all the world, and that from the moment that it happens.

7061. When it has taken place?—That is one of the leading facts. Until it takes place, of course, you can make no public statement of it. It is one of those things as to which you must not make any statement.

7062. For what reason?—Because it would involve you in actions of libel, and you might very often produce the crisis which might otherwise be averted, if you began to speak of it too soon as probably coming.

* See evidence given by Mr. Tom Mann, questions 2613, 2761, 2783–95, and also that given by Mr. Sidney Webb, questions 4403, 4483.—G.D.

Mr. *Tom Mann*—continued.

7063. That does not seem to show that it would be impossible to avoid such a catastrophe, but that someone's interests would be seriously interfered with if such an attempt to avoid it were made?—It is hard to say. There is no doubt that many things which looked like being a catastrophe have been avoided at different times. You cannot tell beforehand whether the thing is of such a character that it cannot be avoided, or of such a character that, by prudence and care, it may be avoided.

7064. You would not lead the Commission to suppose, I imagine, but that a very great deal of information not now obtained and circulated could be obtained and circulated with advantage to the entire industrial community, would you?—I do not think very much more that would have a bearing upon the probable forecasts of the state of trade generally. It is a question really of interpretation and not of facts; and beyond that, many of the facts upon which one could go in making a forecast of that kind are very often not facts which you would be permitted to state publicly at all, nor such that if you were to state them, you would ever hear of them.

7065. Under present conditions?—Under any conditions.

7066. Take the facts relating to shipbuilding in a period of relatively good trade, when trade is in the ascendancy, and it is recognised by those who are quite familiar with the facts that there is a tonnage being produced out of all proportion to that which is required, and that the certain result will be such a depression as will bring about a general stagnation, interfering with the comfort of many thousands of people—if these facts were popularised, do you not think that it would tend to bring about a tendency to try and counteract that evil?—You are speaking now of popularising the facts. I am speaking of publishing them, and there is no doubt that as to the facts, for instance, as to the tonnage of ships, you will find the daily newspapers on the Clyde and in Glasgow generally, and Newcastle, are as full of the facts as newspapers can be.

7067. I understand that is the case, but what is not the case is this. They do not give the lesson to be drawn from those facts—a statement of the tonnage built, and the probable amount required, which can be approximately gauged, but which does not appear to be gauged in any scientific fashion by either employers or workers or any group of persons in the whole community?—But surely these are matters which are brought home to the community directly concerned in the most direct manner possible. I do not suppose the newspapers on the Clyde and Newcastle are unread by the working class. It seems to me that they are read daily and continually, and with comment, written in very large type indeed. I do not see how it could be brought home in any other way. Then, when it comes to forecasting, it very often happens that even the best estimates are at fault, as a matter of fact, because something else which cannot be foreseen does happen.

Mr. *Tom Mann*—continued.

7068. But is not that applicable to everything that one attempts, and especially everything that one attempts in the department with which you are identified?—Yes, and it is a special reason why Government should not attempt it, because that commits the Government to an opinion, and you might find the Prime Minister saying that the department was making a forecast which he did not agree with.

7069. Which, of course, depends upon the make-up of the Government. Now, respecting the individuals, you state that, given the possibility of persons who might forecast, they are not likely to be found in any Government department, but more likely on the Stock Exchange. Does not that depend mainly on the remuneration which they are paid, as to whether it is worth while to be in a Government department or not?—No, because the remuneration of a man who was capable of making forecasts of that kind would be a large fortune, and it would not be a question of a possible salary.

7070. It would have no effect?—No, it would not have any at all.

Professor *Marshall.*

7071. With regard to the statistics of wages published by the Board of Trade, these are the wages per week, are they not?—Both per week and per year. We have worked it out in all sorts of ways.

7072. But has there been any attempt in England to follow the American plan of finding out how much each individual earns in a year?—What American plan?

7073. The plan followed, for instance, in the United States Bureaus?—If you could describe the plan to me, I should be very much obliged. I have looked at many of the statements, and many of the American reports about statistics of wages, and what seems to me the one very material defect in a great many of them is that they do not describe what they have done. They put before you a great mass of figures and begin to discuss the lessons which are to be derived from the figures, but they do not tell you exactly how they got them, or what difficulties they met with in getting them, and you do not know where you are. If Professor Marshall would describe the plan to me in detail I should be very much obliged to him.

7074. I suppose I must take it that, in your opinion, they really do not succeed?—No, I think that really having referred to a plan, it should be capable of description in some way or other. If you describe a particular plan, I will tell you whether it could be followed or not, or how it could be followed, but if you refer me to American books generally, I ask what plan you mean.

7075. Do you think it is impossible to send round skilled agents to a considerable number of firms to get those firms to show the agent all their books, and to trace through the books the whole of the earnings on each particular day throughout the whole year of a great number of individuals?—Of course that would be quite

Professor *Marshall*—continued.

possible, but that is exactly what you get already, only you get it by the week. I do not see any difference—I do not see any virtue in taking a particular day.

7076. Is not it urged that the English plan has the disadvantage of only showing you what is called the theoretical average, the average that would be got if people worked a supposed number of days, say 310, whereas the American plan shows you what they actually do get in the particular calendar year?—No, I think the American plan, as you describe it, does not show that any more than the Board of Trade plan does, because we do show the payments of wages over large groups of people in a particular calendar year, and we have been most particular in getting that as well.

7077. You do not deny they claim that superiority?—I do not know exactly what they claim, because I am bound to say that one of the difficulties of the American books is just that—they do not describe with sufficient particularity the process by which they get the facts.

7078. Do you think they describe with less particularity than the Board of Trade describes it?—Much less. When they say that they sent an agent to a place to ascertain the facts and he comes back and tells you that he has ascertained the facts, that is not telling you anything about what the agent has done. I think, if Professor Marshall would permit me to say so, it is really a case where he ought to show in some way or other that he is able to describe a particular plan exactly which has been followed, and what it is.

7079. What I understand is that an agent is sent with a very great number of printed questions in the most minute detail, which he fills up in the office of the works, the whole of the books of the works being put at his disposal, and that he makes returns in such detail, that unless he has distinctly invented figures out of his own head instead of copying them from the book, they must represent the exact amount of money received in any calendar year by any particular individual in the employment of that firm?—I have not seen the statements in which that appears to have been done in the way that you describe, and it is quite obvious that unless one sees the questions which the agent has got to answer, it is impossible to express an opinion upon whether he was likely to get the information or not. But many of the questions—I speak of some of the returns which I have seen which he is supposed to have found answers to, are themselves so difficult that not even the employers themselves could answer, probably. I wish to know what is the sort of evidence upon which he is satisfied that he has got the correct answer, and as to that you get no information at all from the agents. That, for instance, of taking the names of particular persons from the books, and finding out what a man was paid by a particular firm in the whole year, does not answer the question at all as to the average earnings of that man, because you do not know

Professor *Marshall*—continued.

what he may have got from some other firm and really the putting of the question is to show that those who instructed an agent to find out such a thing, hardly knew how to set about the business, because they must know that the same firm has not the same number of people at work all the year through—not likely—and I may say that on that very subject, the report of Mr. Carroll D. Wright's department about railway labour* makes the fullest confession as to the unsatisfactory character of the results obtained by that very method, that it really is a ridiculous method to follow.†

7080. I was not at all endeavouring to prove that they could do all that they have tried to do, or that their methods were in all respects the best conceivable, but I was confining myself as far as I could to statistics actually published by the Board of Trade, and I wanted to know whether you were not of opinion that some further information is wanted than that which is called theoretical, (I presume you are aware that the Americans talk of returns similar to those made by our Board of Trade as theoretical returns,) whether it would not be advisable to attempt to get some more positive information as to the amount earned and expended?—I think there is a great deal to be done in that respect, only I do not think that what the Americans have done is any example or any guide at all, because they have most completely failed. I refer especially to that return about railway labour. The most absolute confession of complete failure is to be found in that report.

Duke of *Devonshire.*

7081. On this point would you give the Commission a little more information. I think you said that in your returns you made allowance for want of employment and short time?—Yes.

7082. In what way do you arrive at the proper allowance to be made?—We have got statements as to the absolute amount of wages paid in a given year, the maximum number of people employed, and minimum number of people employed, and over a great surface that gives you some idea of the extent of the fluctuation of employment. Then we have got many particular statements besides in answer to our inquiries. Those are all definite as far as they go.

7083. The information was not got solely by filling up a certain number of returns, was it?—They were got by the filling up of returns, but not exclusively; the filling up of returns of normal wages in a particular week, that was only one part of what we asked them to do.

7084. The maximum and minimum number of persons employed would not give you all the information you wanted, would it?—There is no doubt it would be desirable to get a great deal more information if possible, but it has this effect: you absolutely get to know whether the numbers in a normal week are at all like the numbers that are employed in the trade, and when you get returns from particular firms you know, in fact, you are quite certain, from what you know, that the fluctuation in a particular firm is always greater than, or may be greater than, the fluctuation in the trade itself, and you see that especially in the returns which we have received from the building trade, there is the widest possible difference in the results of the individual returns.

Duke of *Devonshire*—continued.

Professor *Marshall.*

7085. But what would be an exceptional trade?—I think the building trade is exceptional, because in point of fact you may assume that most employments are more or less continuous. The fluctuation is an element, but it does not extend to the fluctuation between nothing and the figures which you give. But that particular effort to find out from employment books what wages a particular man has got by following him up all through the wages lists is an absolute and entire failure, and I think Professor Marshall may take it from me that it is so. It might have been known beforehand that it would be so, but that it is so there is no doubt. The work cannot be done in that way.

7086. I do not know whether I am quite prepared to take it from you, but I had better pass to something else?—I refer you to the railway report, and I could show you the passages in which the confession is made.†

7087. I should like you to explain more clearly how you ascertain during what number of days you will take a man to be employed in order to find his yearly earnings?—That depends so much upon the particular trade.

7088. But in general?—I would not like to say in general any more than I have done; I must refer you to the thing itself, to the report itself when it appears; I should not like to go into it in detail.

7089. To what report?—The report upon these figures which will appear shortly.

7090. That of the Board of Trade?—Yes. I may tell you this, for instance, with reference to seamen's wages, which are included in one of the tables which I have not referred to. We have various tables as to the employment of vessels which were drawn up some years ago, which throw a great deal of light upon the matter, and in addition to that we had a special report from the Registrar-General of Seamen, a confidential report on inquiries which he made as to what would be the number of seamen as compared with the number employed at any one time, and the difference corresponding to that employed vessels return which we have is about 10 per cent., and we do know in that case that the seamen are employed and are paid for. There are other inquiries we have made of a similar nature.

7091. But you think that it is best to confine yourself to this class of inquiry, and not to have as a basis the knowledge of the exact amount,

* Fifth Annual Report of the Commissioner of Labour, "Railroad Labour," 1889.

† Extracts from the Report are handed in at questions 8086–7. See also Appendix CXXVI.—G.D.

Professor *Marshall*—continued.

that is earned, say, by individual miners in certain particular localities? — Provided you could make a sufficient selection of individual miners to give you a proper statistical basis, and provided you could really ascertain in point of fact what they do get, and then ascertained the same for other employments (it would be a tremendous work, and what the Americans have done would be nothing to it, and what the returns have done would be nothing to it) then you would have some sort of statistical basis, but there is a great difficulty in getting the absolute fact itself for a sufficient number of people either from the employer or from the workman himself, because the employer, although he pays certain men all the year through, does not pay others all the year through, and the workman, as a rule, I think you will find as to most of them, could not tell you very exactly what they had received in a given year; it would be a matter of calculation for them, and not so easy to ascertain, and then if you are to ascertain it by means of agents who go and put down questions and put them to the workmen, and are satisfied, or say they are satisfied, that the man has given them a true answer, you are liable to the personal error of the agent, which may be serious.

7092. These difficulties are inherent in any method of obtaining statistics, are they not?—No, some of them give satisfactory results without all that supreme labour. You often take trouble to ascertain what you might know without taking all that trouble.

7093. That may be, no doubt; but you do not intend to suggest that the American officials have not fully studied all these familiar points?—I think I may say that there are no persons in the world whom I would trust with the kind of inquiries which some of the American agents make, nor would I take the results from them in the way that they give them. I should like more information about what they do, about the actual facts and the way that they get them, and what were the inferences which they drew from those facts, and why they drew those inferences.

7094. I think, perhaps, I had better follow your order of subjects. As regards the residuum, how large do you take that to be?—I think, without making a special investigation, I could hardly say or put any figure upon it, but, comparing the figures we have been dealing with of those employed with the factory returns, we find that the element does not come into question.

7095. You put the total number of people earning independent incomes at 13,200,000?—About that; but I think I said that that was subject to the observation that I had not seen the occupations of the last census.

7096. But are you clear whether the residuum are counted in or not?—Yes, quite clear that they are not counted in; at any rate, in very many employments they are not included.

7097. Under what form would the residuum be entered in the census?—I do not think I should go into the question of the census in that minute way: but there is a large figure of unspecified—of people of no occupation or unspecified occupations, as I think you are aware.

7098. Yes, if you regard the residuum as a large number, then the question of where they are put in the census becomes of importance, does not it?—That would be important, no doubt, but I do not think it would be a very large number—not a case of 20 per cent. or 30 per cent., or anything of that kind.

7099. No, but would not this 13,200,000 include nearly all those in the census who had occupations?—No, it does not include the unspecified occupations at all. For every one of those in the census a special occupation had been put down.

7100. Including general labour?—Including general labour; but then that is not so important an element in our census as it used to be.

7101. Then whom does it omit?—I do not include, for instance, the professional classes at all.

7102. No, of course not?—And I do not include all those under the head of the industrial classes, or anything of that kind. I make various deductions for employers and for things of that sort.

7103. But this is at the other end of the scale?—Yes, this is at the other end of the scale.

7104. You think that the exclusion of the residuum is not a serious difficulty?—Not a serious difficulty, and, at any rate, I think you must always keep in mind that it does not affect the rates of wages that we have shown, but only affects the building up of that aggregate; it does not affect the rate.

7105. It does not affect the aggregate, you mean?—It does not affect the rate. The numbers affect the aggregate, but they do not affect the rate.

7106. But you said you were more certain about the aggregate than the rate?—I think I did not say anything of the kind.

7107. Then I misunderstood you; I thought you said that the aggregate you got confirmed?—It is confirmed in other ways.

7108. Then with regard to the information that the Board of Trade gives, bearing on fluctuations, are you satisfied that it would not be better for the Board of Trade to give more statistics with regard to production; for instance, the statistics of the kind which Mr. Charles Booth published with regard to the docks, do not you think that the Government ought to undertake the publication, as far as it is possible, of statistics of that kind?—Of fluctuations in employment?

7109. Yes?—I believe that now, under the new arrangements we are making at the Board of Trade, we may be able to do a good deal in that direction.

7110. With regard to season trades, for instance, is there not a great deal of information accessible, but not published, that the Government might collect that would be of use?—I think that is one of the things that we propose to take up, now that we have increased our

Professor *Marshall*—continued.

staff a good deal. I think it is a thing we may take up a good deal more fully.

7111. I think you told Lord Iddesleigh's Commission that the statistics of production and internal trade should, in your opinion, be published so far as they could be got* ?—I think that a good deal might be done to improve the statistics of internal trade, but I think it might be more convenient to us to answer the question by asking what particular improvements might be made, in Professor Marshall's opinion. There is so much done that is not utilised, that I always feel a difficulty when people are speaking on the subject as to whether they are not asking for something that is already done. I always feel a difficulty as to what it is precisely they are asking for.

7112. I read that statement of yours before Lord Iddesleigh's Commission, and I should be glad to know what trades you referred to ?—As to mining and various other trades a great deal is done, but as to other trades, such as the building trade, for instance, nothing is done. We do not know how many houses are built, of what kinds they are, and what value, and things of that kind; whether there would be means of ascertaining that particular thing I mentioned, I really do not know, but I should like always when improvements are talked of (we have to look at it in detail and decide what improvements are done), to know what is specially in your mind at present.

7113. I did not intend to suggest anything myself, but if I had suggested any trade I should have taken the building trade as one of the most easy and most important ?—I should think it would be one of the most difficult to do in this way, that you would have to ascertain the value of what was produced, which might often itself be a matter of estimate. You have such people as speculative builders, who cannot tell very well how their speculations will turn out till they have sold the property, and found that they have either made a profit or been made bankrupt, they are not quite sure which. How you are to tell what the production of a builder of that kind is, I do not know. You cannot have a unit of quantity very well, and how you are to get a unit of value is really very difficult to follow if you give your mind to it.

7114. Would not it be possible to get it sufficiently near for many trades ?—I doubt whether you could get it within 10 or 20 per cent.

7115. If you could get it within 10 per cent., would not that be nearly all you wanted ?—You could get it with a great amount of worry and friction.

7116. Is not it a common thing for other countries to publish statistics of the number of houses being built ?—But that is also being done in this country. There is a statement in the census with regard to the number of houses being built.

* [C.—4621.] "First Report of the Royal Commission appointed to inquire into the Depression of Trade and Industry" (1886), page 9, questions 9–12, and page 20, questions 139–40.

Professor *Marshall*—continued.

7117. Once in 10 years ?—Every 10 years.

7118. That would, of course, be of no value for my purposes ?—In addition to that there is the return that we have in the income tax form, which might be the basis of forming some calculation of what the new builders' work was, and that is the assessment of houses under Schedule A.

7119. But surely the assessment of houses does not bear upon it ?—The assessment of the annual income must give you some idea of the increase of buildings from year to year. My difficulty is that it only gives one part of the builder's work, whereas the builder has got to do repairs and has got to renew houses as well as build them; it does not give you the value of all that he does

7120. No, but one might suppose that the repairs at one time would be very much the same as at another, might not they ?—Yes, but that is making suppositions again instead of having the statistics.

7121. Quite so, but are the statistics published by the Board of Trade which you have been explaining, based directly on exact figures ?—Surely they are almost all based on figures, I should think. If you take the imports and exports, they are based upon actual statements with reference to every transaction of imports and exports. There is an actual document for every transaction.

7122. But no one would be more able than you to tell us how much interpretation those figures require, is not that so ?—No doubt even with data of that kind it is difficult, but to get it for the building trade you would have to invent a mode of getting the data to begin with.

7123. But is there any reason why we should not have such a means of ascertaining the fluctuations of activity in the country, not for a 10 years to 10 years interval, but from month to month or quarter to quarter, such as would be afforded by a study of the general amount of building work being done ?—That would only be one item out of a great many. My own impression is that you could not get that particular thing from month to month. You might get a statement of the number of employed in the building trade from month to month, as practically we get now from the trades union reports, but as to a statement of the value which the builders produce month by month, I do not believe that you would get it so that it would be of any use whatever, because it takes so long before they know what the value is.

7124. I do not think I proposed to get the exact value; that would not be necessary, would it ?—What would be the unit in the building trade except the value ?

7125. Then there might be units of the different kinds of houses, or there might be units of the opinion that builders put upon the value of the house exactly corresponding to the units of the opinion that an importer puts on the value of his goods, allowing for similar errors ?—Not very well. I think that you must not apply things of that kind unless you are pretty sure of a good and useful result; it would be imposing a great deal of labour for nothing at

Professor *Marshall*—continued.

all. I should like, before going into a scheme of that kind, to have it exactly before me as if I were proposing it to a minister, so as to be able to say exactly what it was to be.

7126. I did not come prepared to make proposals to a minister. I was asking questions in order to get your views?—But those are matters on which one has not exactly views, those are matters of business which have to be discussed as matters of business.

7127. You have asked me to give instances: We as individuals can buy our boots and shoes whenever we like. It does not make much difference to us whether we buy our boots and shoes in January or in March, but we might know beforehand that by giving employment in one month rather than in another we can steady a great trade. Is it not the fact that the boot and shoe trade is a very fluctuating trade. People interested in the trade know at what time giving out extra orders would tend to steady employment, but ordinary persons do not; and would not it be possible for Government to publish statistics of that kind?—I am not sufficiently acquainted with the boot and shoe trade to make a statement as to whether anything could be published in that trade, but I should doubt very much whether such a thing as you contemplate is even possible to anybody in the trade at all.

7128. You would be aware that there are recognised times in the trade at which the trade is more busy than at others?—But that applies to so many trades.

7129. But taking this one you would be aware that there are times recognised in the trade (I have not them in my memory at present, but I have seen statements with regard to them) at which the trade is more busy than at others?—I suppose so.

7130. And that the trade of producing is not busy at the time at which the selling goes on most rapidly, but some time before?—Well, supposing that to be so?

7131. And that if uninstructed people were to guess, they would guess wrongly, and that therefore it is not possible for individuals to do what they could to steady the trade without such information?—But I should be inclined to say that even if they had the information people would buy according as it suited their own convenience.

7132. That is hardly an answer to the question. That is taking another line?—You are suggesting that the information ought to be got in order to enable people to buy when it suited the trade, instead of buying when it suits their own convenience.

7133. I asked you whether the Government has not the power of publishing statistics which would enable the consumers, if they chose, so to distribute their purchases as to make one trade that is now very unsteady become relatively a steady trade?—And the answer which I give to it is, that I do not suppose that it would have any effect in making the trade less unsteady than it is, because people would buy when it suited them, and not according to the information you propose to give. That applies to the essence of the whole thing. Besides, I do not think it could be done, and that is a different point. I think I am bound to say, as a point of that kind has been mentioned, that the real way in which fluctuations of that kind are equalised, is by means of what is called the floating capital in the trade. Trades make for stock at one time, and they do not make for stock at another time, and really the floating capital is obtained so cheaply, that it is a matter of the utmost indifference to the steadiness of the trade whether people buy in three or four months of the year, or six or eight months, or whether they buy evenly over the whole twelve months.

7134. I specially took this trade because I suppose you must be aware that the people in the trade say that it is not possible to do that in this particular trade?—That it is not possible to make for stock?

7135. No, that it is a dangerous thing to do, to make very largely for stock?—I suppose it would be so in other trades as well, but that they do make for stock is quite certain.

7136. But perhaps not to any large extent, and consequently when orders are slack they have to dismiss their men? Would not it be well, anyhow, that that should be ascertained?—How much that is the case?

7137. How much that is the case and what the fluctuations are, and what are their causes?—I think it would be extremely desirable that more information should be got and published about what the fluctuations actually are; but between that and entering on the question of the Government publishing information monthly which would be of use for any practical business, there is the greatest difference in the world.

7138. What kind of difference?—Publishing information monthly as to production in all trades would plainly be a most formidable and expensive work, whereas it would be comparatively easy to ascertain in a general way what the fluctuations of the trade are, not from month to month, but in such a way as you can ascertain them by means of special reports.

7139. You laid stress on the fact that Mr. Wright found that the average income in Massachusetts was 67 per cent. higher than in Great Britain?—That is the way he put it in his wages' returns.

7140. But did not you rather imply that he gave us to understand that his figures meant something more than they really did mean?—No, I think that he is to some extent responsible for the assumption that he is comparing English and American wages. If he did not say so, other people have done so, and it is constantly spoken of as if he had compared English and American wages.

7141. You said 50 per cent. of the American people are engaged in agriculture?—Nearly that.

7142. Would that be true of Massachusetts?—I do not know how far it would be true of

Professor *Marshall*—continued.

Massachusetts; but in that case there is another question which arises: of what use could it be comparing the wages of a small place like Massachusetts, about the size of an English county, with the wages of a great mass of people like those in the United Kingdom?

7143. Surely there would be much good looking at it from the point of view of the Massachusetts Bureau?—They ought to have taken into account a much wider range of industries in Great Britain, so as to make a proper comparison for the general purposes for which such comparisons are made.

7144. But they did compare many industries, did they not, in Massachusetts?—About 24.

7145. You say that the average income of the agricultural classes in the United States is very low; are you sure of that?—It looks to me low, according to their own returns.

7146. But do not you think that the reason why the Massachusetts Bureau omitted the agricultural industry was that for the agricultural industry the incomes enter in another form, and do not enter in the particular form in which you look for them; that they did it in order to be able to make a fair comparison?—When I made the remark I was referring not merely to the Massachusetts Bureau, but to the American Bureaus generally, all of which seem to omit the question of the remuneration of the agricultural labourer and the peasant farmer in the United States, although they form half the people.

7147. Speaking of American agricultural labourers, are there very many agricultural labourers there?—There are, in the census of 1880, upwards of three millions entered as agricultural labourers, and there is a note, too, about another million of general labourers, saying that very many of these are agricultural labourers also. There is a large number, and I think that is the largest class of labour in the United States.*

7148. But would they be chiefly in the Northern States like Massachusetts, or in the Southern States?—All over.

7149. When you got the average for agriculture, ought you not, when making an attack on the Massachusetts returns, to lay stress on the fact that they do not include so much Black Labour?—But I am not making any attack on the Massachusetts returns.

7150. I understood that you did?—No, I merely point out that I have got certain figures to present to the Commission, and that I have got no other figures to compare them with.

7151. But I thought you laid stress on the fact that these Massachusetts returns were not valuable because they did not take account of agriculture?—They were not useful for a comparison between the general wages of the United Kingdom and the general wages of the United States, because they took no account of the wages of half the working population in the United States, which is very obvious.

* In revising a proof-copy of this evidence the Witness here added the following:—"The exact figures are: agricultural "labourers 3,323,000, and farmers and planters 4,226,000. "These include females as well as males, and the males alone "are: agricultural labourers 2,789,000, and farmers and "planters 4,169,000."—G. D.

Professor *Marshall*—continued.

7152. But if it refers only to Massachusetts, is that of very great moment?—But they have been used as if they compared the industries of the United States and the United Kingdom.

7153. The Massachusetts Bureau is not responsible for that?—I think to some extent it is responsible, because, if my memory serves me rightly, I observed a reference in the report either of the Washington Bureau or of this Commission of Professor Franklin's, in which these wages in Massachusetts and Great Britain were referred to as the wages in the United Kingdom and in the United States respectively.

7154. But that report is quite a different thing, is it not?—He is partly responsible for that, too.

7155. In the north, at all events, the agricultural class is chiefly a farming class, is it not?—I would not like to say minutely what it is in the north of the United States. If I had thought of it, I should have brought the United States census volume with me, and you should have seen it at once.

7156. But you must be aware that statements continually were to the effect that the agricultural labouring class is small relatively to the farming class?—In the north?

7157. Yes?—That is hardly so if the figures I have given you generally are correct, that in the United States census they account for more than four millions agricultural labourers out of eight millions, which was the figure in the census of 1880—four millions out of eight millions odd people engaged in agriculture, altogether that is.

7158. Anyhow, a very large part of the agricultural class, more than half of the agricultural class, are farmers?—That seems to be so.

7159. Is not it generally believed that, except in times of agricultural depression in America, the farmer is accumulating wealth in various forms very rapidly?—I do not know that it is so. At one time of my life, not lately, but some years ago, I had occasion to make a continuous study of American agricultural newspapers, and their complaint of the condition of the small farmer was something much more bitter and aggravated than any complaint we have of the condition of agriculture in this country—continual complaint, which was echoed, as we all know, by the proceedings of the Grainger party in the United States, which was really a proceeding arising out of the great and widely-felt distress.

7160. But the aggregate wealth owned by the farmers, anyhow, in places where a little while ago there was no wealth, consisting of farms and stock and implements and buildings, after deducting mortgages, would amount to something like 600*l.* a farm, would it not, or more if you took only the Whites?—I should doubt that very much indeed. In any case, I should like really to go into that a little more carefully before answering as to what the accumulated capital of the farmers is per head, because there are really such extensive complaints of the mortgages in the United States that I forbear to have an opinion.

Professor *Marshall*—continued.

7161. I may say that I made a rough calculation allowing for mortgages, and I came to the conclusion that it was about that, from 600*l.* up to 1,000*l.* ?—Including the capital value of the farms as well as the capital value of the stock and other things ?

7162. Yes ?—And deducting the mortgages.

7163. Deducting the mortgages. Again, is it not true that the greater part of the land that has been sold at high prices to the railways—those made without grants—and for building purposes, has been bought of farmers, and that a farmer in making up his earnings, counts up naturally the chance of selling his land at a great price ?—But surely of late years, you must be aware of the complaints which have been made that the land has not been increasing in value, and that in the Eastern States the people have been leaving the farms just as in England, and you have had something like a fall in value in the United States as well as here in many parts.

7164. But you are aware that matter has been investigated very thoroughly indeed by the Illinois Department, with the result that the popular belief has been shown to be inaccurate ?—Illinois is not one of the Eastern States to which I refer.

7165. No, but the reports have been made very much with regard to Illinois. Illinois is one of the States in which it had been stated there had been a depression ?—I do not know the particular report you speak of, and of course I cannot speak about it; but I should not like to speak about any report of that kind without having examined it very carefully.

The witness withdrew.

Adjourned to Thursday next at 11 o'clock.

FIFTEENTH DAY.

Commission Room, Westminster Hall, Thursday, 26th January 1893.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir JOHN E. GORST, Q.C., M.P.
The Right Hon. LEONARD H. COURTNEY, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Sir FREDERICK POLLOCK, Bart.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. T. H. ISMAY.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Secretary.

Mr. CHARLES FENWICK, M.P., Mr. EDWARD HARFORD, and Mr. JOHN ANDERSON, called and examined.

Duke of *Devonshire*.

7166. Mr. Fenwick, I believe you are here by request to give evidence on behalf of the Parliamentary Committee of the Trades Union Congress?—(Mr. *Fenwick*.) Yes, my colleagues and myself were appointed by the Parliamentary Committee to attend this Commission at the request of the Commissioners.

7167. You are the secretary of that committee?—I am.

7168. How long have you held that position?—Since September 1890, when I was appointed at the Liverpool Congress.

7169. Will you state how long it is since the first congress was held?—The first Congress was held in Manchester in 1868, and has met every year since, with the exception of 1870.

7170. Do you wish to make any statement about the labours or proceedings of the Congress, or simply of the Parliamentary Committee?—I have prepared a short summary of the principal features in the history and labours of the Congress, which, with your permission, I should like to read; but, before doing so, I should like to observe, in case more minute particulars are desired by the Commissioners in relation to the work of the Congress, that those particulars may be found fully amplified in the writings of Mr. George Howell, particularly in his book on "Conflicts of Capital and Labour," and also on "Old and New Trades Unionism." Mr. Howell was one of the principal organisers of the movement, was its first general secretary, and to him I am personally indebted for many of the facts which I shall have to submit in the course of this statement. When the Congress commenced its labours trade unions were at a discount in the opinion of the general public, largely in consequence of serious disturbances of the public peace in some of our large towns, notably in Sheffield, which were attributed by the press at the time to the agents of the unions. A Royal Commission had been appointed "to inquire into the organisation and

Duke of *Devonshire*—continued.

"rules of trade unions and other associations, "whether of workmen or of employers, and into "the effects produced by such unions and associa-"tions on the workmen and employers respec-"tively, and the relations between workmen and "employers and on the trade and industry of the "country." The scope of the inquiry was not only extensive in terms, but the investigation which followed was also most searching and complete. The unions and their leaders, however, in the main passed through the ordeal with credit, and succeeded thereby in regaining public faith and confidence. In the same year in which the Trade Union Commission was appointed, 1867, the Judges had decided in the Law Courts, that all combinations which were in restraint of trade were criminal; and the Lord Chief Justice in the Queen's Bench Division had confirmed the decision of the magistrates, in the case of Hornby *versus* Close, that societies having rules enabling them so to act could hold no property, not even for benevolent and charitable purposes. These circumstances led to the necessity for more united action on the part of the unions, who now demanded unrestricted freedom to combine and legal protection for their property and funds. The first congress, as I have said, was held in Manchester, in June 1868, and was convened for the purpose of considering the awkward position of the unions as created by the decision in the Law Courts, and the appointment of the Commission already referred to. The meeting was attended by 34 delegates, representing 118,367 members. The success which attended this congress encouraged its promoters to attempt a second, which was held in Birmingham in August, 1869, and attended by 48 delegates, representing a membership of 250,000. Among the chief subjects considered by this congress was the unprotected state of trade union funds. Such questions as piece-work, overtime, protection of miners, conciliation and arbitration, and the necessity for a system of

Duke of *Devonshire*—continued.

national education were also discussed, and the question of labour representation in Parliament was first declared at this Congress as a distinctive policy of the unions. In 1874 the miners of Northumberland gave practical shape to this policy by electing Mr. Thomas Burt member for Morpeth. No congress was held in 1870, but in 1871 the third meeting took place in London, when 50 delegates were present representing a membership of 289,430. It was at this meeting where a Parliamentary Committee of five persons (afterwards increased to 11 including the secretary) were first appointed to prepare legislation, and take such action as Congress might from time to time determine. The fourth Congress was held in the town of Nottingham in January 1872. The three previous meetings had been held in the months of March, June, and August, but it was deemed advisable on the occasion referred to for the Congress to meet in January, so as to be ready with a programme of work for the ensuing session of Parliament. The Committee elected at Nottingham were instructed to prepare standing orders for the government of future congresses, and thereby permanency was given to an institution which has been not inappropriately termed the Parliament of Labour. The next meeting took place in Leeds in 1873, and the questions considered were compensation for injuries to workmen and the Mines Regulation and Arbitration Acts of the previous year. The Sheffield Congress in 1874 dealt chiefly with the Criminal Law Amendment Act of 1871, the Masters and Servants Act of 1867, the Conspiracy Laws, the Trade Union Act of 1871, and the necessity for an amendment of the Factory Acts. The questions considered by each succeeding congress since the meeting in Glasgow in 1875 have been very similar, with the exception of that held in Bradford in 1888. At Bradford an important debate took place on the subject of a legal eight hours' day for all workers, and since then this question has continued to excite more interest in the congress debates than any other subject it has had to consider. The Parliamentary Committee elected that year were instructed to take a vote of the members on this question in the following order:—(A) Are you in favour of an eight hours' working day? (B) Are you in favour of it being obtained by Act of Parliament? Only those who voted "aye" in the first case were supposed to be entitled to vote on No. 2. The result of this inquiry was declared at the Dundee Congress in 1889, and after a protracted debate a motion to reject the return was carried by a large majority.

7171. To reject what?—To reject the result of the plebiscite.

7172. You stated that a motion was carried to reject the result, but you did not state what the result was?—I am prepared to do that if you wish me to do it.

7173. Would you explain the result of the plebiscite announced at the meeting at Dundee?—The result was against a legal eight hours' day. On the question: Are you in favour of eight hours, the numbers who voted were 178,376, voting as follows: for, 39,656; against, 67,390; neutral, 71,330. As I have said, only those who voted "Aye" in the first instance were supposed to vote in the second instance. That may, to some extent, explain the difficulty that arises with regard to the members voting on the next question. On the question: Are you in favour of it being obtained by Act of Parliament, the numbers were: for, 28,511, against 12,283.

7174. That is to say, a minority voted in favour of an eight hours' day, but a majority of that minority voted in favour of a legal day?—Yes. The reasons urged for rejecting the return were that certain returns had been wrongly entered, and that others had not been recorded at all.

7175. You brought down the account of the proceedings of Trade Union Congresses to their meeting at Dundee, in what year was it?—In 1889 the Dundee Congress took place.

7176. Do you propose to make any further statement about the proceedings of the congress generally?—Not generally.

7177. Have there not been resolutions in reference to the eight hours' day passed since 1889?—The first resolution that was passed by the congress in favour of a legal eight hours' day was that which was passed at Liverpool in 1890.

7178. Will you state what are the duties of the Parliamentary Committee?—The duties of the Parliamentary Committee are to promote legislation authorised from time to time by a majority of the votes in the congress assembled.

7179. From the statement you have just made they appear to have some other duties. They were entrusted, I think, on one occasion you said, with the taking of this plebiscite?—Yes, but that was a duty specially given to them by an express vote of the Congress. Perhaps it may be a little more explicit if I read the standing order which relates to the duties of the parliamentary committee. "The duties of the parliamentary committee shall be to watch all legislative measures directly affecting the question of labour, to initiate whenever necessary such legislative action as congress may direct or as the exigencies of the time and circumstances may demand."

7180. Can you give any account of the legislation which they have promoted or in which they have taken part?—They have promoted, in the first instance, the greater part of the legislation which has been passed within the last 25 years affecting directly the position of labour. Most of that legislation was initiated first of all in these congresses. At the present time there are several questions of importance which have been considered by the Congress, and on which the Parliamentary Committee are instructed to prepare Bills to be submitted to Parliament for their consideration.

7181. Will you state those. What are the principal questions on which they have been instructed?—The principal measures, and those which have been most fully considered by the

Duke of *Devonshire*—continued.

congress, are the Employers' Liability for injuries to workpeople, the Conspiracy Law, and the Limitation of the Hours of Labour.

7182. Referring to the Employers' Liability Act, what are the instructions which you have received in regard to that?—The instructions which the parliamentary committee have received from the Congress in relation to the Employers' Liability Act are to as far as possible endeavour to abolish the doctrine of common employment, and the principle of contracting out of the Act, and also to guarantee that the provisions of the Act shall be extended to seamen.

7183. Has any Bill been brought in at the instance of your committee on that point?—Yes; for several sessions Bills have been promoted on this subject by the Parliamentary Committee in the House of Commons, and last year Mr. Burt had charge of one, at the request of the Parliamentary Committee, which sought to give effect to the objects desired by the Congress.

7184. That Bill was introduced?—It was.

7185. And printed?—Yes, it was.

7186. Did it reach the second reading?—I am sorry to say it did not.

7187. There was no debate upon it?—There was no debate upon it.

7188. The next question you mentioned was the Law of Conspiracy; in what sense are you instructed to endeavour to amend that law?—The Conspiracy and Protection of Property Act, in the opinion of the Congress, requires to be amended, so as to obviate difficulties arising from the want of a clear interpretation of what is meant by the term "intimidation." It appears, indeed it is certain, that much misunderstanding has arisen on this question, and much needless strife has arisen out of the varying interpretations that have been put upon the word "intimidation" in various law courts, notably in the Plymouth case and in the case which arose at Newcastle-upon-Tyne. The Plymouth case was before Mr. Recorder Bompas, and the other case at Newcastle was before Judge Digby Seymour.

Sir *John Gorst.*

7189. In both those cases were not the difficulties entirely cleared up by the Court of Appeal—the judgments were reversed?—Both cases were undoubtedly cleared up on appeal in the Higher Court; but still, notwithstanding the decisions given there, the law in itself is so ambiguous in other respects that it is necessary to amend it, in order that similar differences may not arise such as those that arose at Plymouth and at Newcastle.

Duke of *Devonshire.*

7190. Are the views of the Committee on this subject embodied in a Bill?—They are not embodied in any Bill.

7191. No Bill has yet been introduced?—A Bill was introduced two years ago by Mr. Robertson, the member for Dundee. That Bill

Duke of *Devonshire*—continued.

came up for second reading, and was rejected by a majority of the House.

7192. Was that Bill promoted by your Committee?—Mr. Robertson took charge of the Bill at the request of our Committee.

7193. Then your views at that time, on this point, were embodied in that Bill?—Yes.

Mr. *Courtney.*

7194. Was not that at the time those decisions were still standing and uncorrected?—I am not sure, I cannot charge my memory just for the moment, but I think that was so.

7195. And the Solicitor-General raised that point in the debate?—Yes, that was so.

Duke of *Devonshire.*

7196. You were going on to speak of the next year, I think?—I was about to say that in the following year the question was raised by a resolution instead of a Bill, which was also rejected by a majority of the House.

7197. Can you state the terms of the resolution?—I am afraid I am not provided with the terms of the resolution at this moment.

7198. Who was it moved by?—It was moved by Mr. Edmund Robertson, the member for Dundee.

7199. The same member who took charge of the Bill, in the previous year?—Yes.

7200. And again acting under the instructions of the Committee?—Yes.

7201. Without giving the exact terms, could you give the purport of the resolution, or if you have not got it here, you could put in a copy of the Bill could you not?—That could be done.

7202. You have not got it?—I have not got it by me, but that could be done (*see Appendix* CXXVII.).

7203. I do not know whether you gave the whole of the answer you proposed to give to this question with reference to the Conspiracy and Protection of Property Act, in what sense do you desire the law to be amended; you merely said that you consider it unsatisfactory now?—I have given the whole of the answer that I proposed to give to that question.

7204. Referring to the limitation of the hours of labour, you have given us some account of the proceedings of the Congress down to, I think, 1890. Could you state what has taken place since?—The same resolutions, or similar resolutions, have been passed at both the congresses of 1891 and 1892 relating to the Employers' Liability Act, the Conspiracy Laws, and the Hours of Labour, with the exception of the last congress, which held its sitting in Glasgow last September. In dealing with the general question of the hours of labour, the resolution of the Glasgow Congress was altered in one respect from the resolution of previous congresses.

7205. Can you give us the terms of the resolution?—The terms of the resolution passed at Glasgow were: "That the Parliamentary Com-" mittee promote a Bill regulating the hours of " labour to eight per day, or 48 per week, in " all trades and occupations except miners,

Duke of *Devonshire*—continued.

"which Bill shall contain a clause enabling the "organised members of any trade or occupation "protesting by ballot against the same to "exempt such trade or occupation from its "provisions."

7206. That was the last resolution?—That was the last resolution.

7207. Can you state how that differed from the previous resolutions?—Previous resolutions had made no exceptions, but dealt generally with the trades of the country. At the last congress the words "except miners" were inserted, so that in the Bill to be introduced to provide for a legal eight hours' day for all workmen, miners shall be excepted.

7208. By that exception were they to be excepted altogether from the law, or was mining to be excepted from the optional clause?—I can only give my own personal opinion on that point, and I think the reason for the exemption of miners was that the miners were themselves promoting a Bill of their own, and did not care to have its provisions attached to any other Bill that might be introduced.

7209. How many delegates were present at that Congress—the Glasgow Congress I understand was the last one?—Yes, at the Glasgow Congress there were 495 delegates present.

7210. Can you give the numbers voting on the resolution?—205 voted in favour, 155 against, and 135 votes were not recorded. At Newcastle——

7211. That was in the previous year?—That was in the previous year. Out of 552 delegates 285 voted in favour of the resolution, 183 against, leaving 84 votes not recorded. At Liverpool, which is the first year in which a resolution was passed at the Congress in favour of the eight hours' day, there were present 457 delegates; 193 voted in favour of the resolution, 155 against, and 109 votes were not recorded.

7212. On all these occasions was not the final resolution arrived at after a good many resolutions and amendments had been put and discussed?—That was so.

7213. Sometimes in a large meeting of that kind it may be rather difficult for the whole meeting to gather exactly the effect of a vote upon every amendment that may be proposed. Have you reason to believe that the effect of the resolution which was ultimately carried was fully understood?—I cannot say that in my opinion the effect was fully understood.

7214. Was the debate upon this question carried on for a considerable time?—It was.

7215. For more than a day?—Yes.

7216. And a large number of resolutions and a considerable number of amendments had been moved and discussed?—Yes.

7217. And voted upon?—Yes, a considerable number of amendments to the resolution had been submitted to the congress, discussed, and voted upon.

7218. The proceedings are all fully reported, are they not?—We do not take a verbatim report of the proceedings, but accept the report which appears in the local press at the place where the Congress is being held.

7219. And these are generally republished, are they not?—Yes, they are.

7220. Perhaps the reports of a debate might not be exactly accurate, but the reports of the amendments and the voting upon the amendments would be found accurately stated in those reports, would they not?—As a rule they ought to be, but we have known instances where they have not been.

7221. Are there any other duties which the Parliamentary Committee are instructed to undertake?—There are no other duties which they are instructed to attend to by the congress, but I may say that for several years past they have appointed four of their number to act conjointly with a similar number appointed by the Parliamentary Committee of the Co-operative Union, for the purpose of dealing with disputes arising between co-operative societies affiliated with the Co-operative Union, and their workmen who were connected with trade unions.

7222. Has action been taken in any considerable number of cases of that sort?—Not in any considerable number of cases, and at the most all that they are empowered to do is merely to offer their services as mediators between the two parties.

7223. The Committee do not undertake the settlement of disputes between employers and their workpeople generally?—No.

7224. I do not know whether either of the other gentlemen present could complete Mr. Fenwick's answer with reference to the Conspiracy and Protection of Property Act. I think Mr. Fenwick could not recollect in what sense the Parliamentary Committee desired that Act to be amended. You are not able to state the terms of the resolution or to give the effect of the Bill? Does it not contain a new definition of intimidation?—Yes, I daresay that in principle it does.

7225. From your answer I understood that was your principal object. What you object to is the interpretation which has been given of the term "intimidation," is it not?—Yes, our difficulty is that the term "intimidation" is so capable of different renderings that it is a very fruitful source of litigation, and consequent expense and suffering to the workmen concerned.

7226. Then any amendment of the law would take the direction of giving a clearer definition, would it not?—Any amendment of the law would either leave out the word "intimidation" altogether, or undertake to set forth in the definition clause what was clearly meant by the term "intimidation." I find I have a reference here to the new definition that we desire.

7227. Will you please give it?—It was that "intimidation" was to mean and include only such intimidation as would justify a justice of the peace on complaint being made to him in binding over the person so intimidating to keep the peace.

Sir *Frederick Pollock.*

7228. Are you aware that that construction has actually been put on the term "intimidation" by the Queen's Bench Division in those Plymouth cases of Curran and Treleaven and others?—I am not aware that that is so, and I should be agreeably surprised to find that it was.

7229. Have you not read the report of that decision?—I have read the report of it.

7230. Did you not collect that from the report?—I did not.

7231. They practically adopted that. I have not got the report here, but that was my impression on reading the judgment in the Queen's Bench Division. Of course, I may be wrong. Are you not aware that those words were in a former Act of Parliament?—May I be permitted to quote a sentence from the judgment bearing particularly on that point—"The court does not decide ——."

Duke of *Devonshire.*

7232. Which judgment is this?—This is in the Bompas case.

7233. The appeal against the recorder's decision?—Yes. "The court does not decide, it "expressly refrains from deciding, that in-"timidation must be limited to threats of "personal violence, although it admits there is "much to be said for that view." But still that question was not decided in my judgment. I submit it respectfully to the Commission.

Sir *Frederick Pollock.*

7234. Are you not assuming that threat of actual personal violence is the only thing for which anybody can ever be bound over to keep the peace?—No, I am not assuming that at all.

Duke of *Devonshire.*

7235. Do the other gentlemen present desire to add anything to the points on which Mr. Fenwick has given evidence?—(Mr. *Harford.*) I do not. (Mr. *Anderson.*) No; I quite corroborate what has fallen from him.

Mr. *Ismay.*

7236. In what direction does your parliamentary committee wish to extend the Employers' Liability Act to seamen; what would be the effect of it?—(Mr. *Fenwick.*) I could not say what would be the effect of it, any further than it would be to offer the same or similar protection to seamen that is accorded by the provisions of the Bill to other workmen.

7237. You do not know how far it would go as regards seamen; whether there would be any exemptions whatever, or whether you would apply the Bill in its full entirety?—The desire is to apply the Bill in its entirety.

7238. Do you think that is possible as regards seamen?—That is a matter on which I am afraid I am not competent to give an answer, not being practically or technically acquainted with the trade.

Mr. *Ismay*—continued.

7239. Are there any members of your Committee who are practically and technically acquainted with the trade?—Yes, Mr. Joseph Havelock Wilson is acquainted with the trade.

7240. Is he the only member of your Committee who is familiar with it?—I think he is the only member of our Committee who has had any lengthened experience, at all events as a seaman; there are others who have worked as seamen, but he is the only one who has had lengthened experience.

Mr. *Bolton.*

7241. At the meetings of your Congress questions are decided, I think, by the vote of those present?—That is so.

7242. Those present are delegates from different trade unions?—Yes.

7243. Will you tell me how those are appointed?—I am afraid that I should not be able to give a very straight answer to the question as to how the whole of them are appointed, but I will speak of those whom I know. I know that many of the delegates are appointed by the vote of the workmen who compose the membership of the union

7244. Of the particular union?—Of the particular union.

7245. May it happen that the delegates present represent individually a different number of men; in some cases they would represent a very large number, and in other cases they would only represent a comparatively small number?—That is so.

7246. So that the vote taken at the Congress does not necessarily represent the views of the majority of the workers nominally represented there?—Not necessarily.

7247. Have you ever formed any opinion as to the proportion of workmen represented by any particular vote at the Congress?—No, I am afraid I have not examined carefully into that question.

7248. But it is quite clear beyond any doubt that a vote given at the Congress may or may not represent the opinion of the majority of the workers?—Yes, in my opinion that is so.

Mr. *Livesey.*

7249. What is the object of picketing?—The object of picketing, in my opinion, is to give information to workmen seeking employment with respect to the nature of a dispute pending between the workmen whose places they are seeking to obtain and their employers.

7250. With that I cannot find any fault, but is that the general effect of picketing in your experience?—My experience of picketing is *nil.*

7251. Seeing that picketing is the cause of endless recrimination and dispute between employers and employed, the workers putting it from your point of view, and the employers saying it is intimidation and intended for intimidation and nothing else, could not the information be given in another way; would it not meet

Mr. *Livesey*—continued.

your case if in the case of every strike the employer should be required to post up a notice outside the gates giving his version of it, and the union if they liked could post up another notice alongside giving theirs, so as to avoid the placing of pickets?—My answer must not be supposed to commit my colleagues who are members of the Parliamentary Committee, but speaking personally I would say that such an arrangement would satisfy myself.

7252. You merely want it for the purpose of information; you want information to be given as to the strike and nothing more than the strike?—That is so.

Mr. *Tom Mann.*

7253. You have given us the number of delegates, but I do not think you gave us the number that were represented by those delegates at the last Congress; could you give the number approximately?—I do not profess to give you the exact number, but roughly speaking a million and a quarter.

7254. One million and a quarter trades unionists represented at the Congress?—Speaking in general numbers.

7255. How would that compare say with five years ago, do you know?—It is a very large increase.

7256. Now could you tell us what proportion that is of the total number of trades unionists in the country, approximately?—Approximately, I should say, that that would represent about two-thirds.

7257. So that there would be something approaching two millions of trades unionists in the country?—I think so.

7258. Say, certainly, a million and a half?—Yes, certainly, a million and a half.

7259. You spoke of the way delegates were appointed, I suppose you have no reason to believe but that the vast majority of those delegates are properly representative of the organisations that they are credited to?—I have no reason to suppose that they are improperly appointed.

7260. Respecting the work of the Parliamentary Committee, have you anything to add beyond that which you have already stated?—I have not.

7261. Does it do anything in the nature of suggesting to the general body of the trades unionists the proper line of conduct, legal or otherwise, in difficult cases respecting trades organisation?—In legal cases they do.

7262. But they really do not serve any special function in the sense of endeavouring to propagate trades unionism?—They do not; they do not appoint organisers.

7263. Has the question been raised as to the desirability of doing so?—It has been raised in some of our past congresses.

7264. May I ask your own opinion as to the advisability of such a course?—I think, probably, if you had funds sufficient to carry it out it might be a desirable thing to do.

Mr. *Tom Mann*—continued.

7265. With reference to the increase represented by the statements you made, when you said there was a very considerable increase in the total number of trade unionists, do you think that the tendency is still in the same direction; is the total number of trade unionists continually increasing?—If I may judge from the reports that reach me from private sources, I should say that the number is decreasing.

7266. Decreasing?—Yes.

7267. From what date could you specify, approximately?—Within the period, certainly, of the last six or eight months.

7268. Could you give a reason or suggest one?—I know no other reasons except the general depression of trade and the smallness of wages which obtain in certain industrial centres, which practically make it impossible for workmen to continue their financial connexion with their societies.

7269. By the figures you have already given the chairman, I think you have shown that the majority of the organised as expressed to the Congress are favourable to legislative action *re* the regulation of working hours?—That is so.

7270. I understand that you are, yourself, distinctly favourable to a reduction of the working hours?—I am.

7271. Personally (I do not know that this has come out of this morning) you are not favourable to the regulation of working hours by legislative enactment?—Not a uniform regulation.

7272. If trade unionists are not increasing very rapidly, or are even temporarily decreasing, the outlook would not look very hopeful, would it, for the reduction of working hours on trade union lines only, unassisted by legislative enactment?—Perhaps it would not.

7273. So that if it is really desired that there should be, say, a considerable reduction of working hours in certain industries and those industries are not developing on trade union lines, then one of two things must happen; either legislative enactment, or no beneficial change in the matter of working hours, would not that be the case?—Not necessarily.

7274. Would you suggest what else might take place?—I do not see, even if you have a depression of trade which forces men out of the union, that it is necessary they should appeal to Parliament in order to bring about the reduction of hours of labour which they may desire. I think that the moral sense of right and justice may, to some extent, operate to bring that about.

7275. I would like to ask you one or two questions respecting the working hours in Northumberland, with which you are familiar?—Perhaps you would permit me to say that as I appear here in the capacity of the secretary of the parliamentary committee of the Trades Union Congress, and not as a representative from Northumberland, I respectfully submit that questions relating to that particular district—seeing that you have had representatives

Mr. *Tom Mann*—continued.

from Northumberland—should not be put to me.

7276. You would prefer not?—I should prefer not; not that I have anything that I wish to conceal, but because of the difficulty of differentiating between my position as the secretary of the Parliamentary Committee and as a representative from Northumberland.

Mr. *Trow.*

7277. You stated the majority had voted in favour of the legal enactment at the Congress?—Yes, that was so.

7278. How are we to consider the neutrals. I find that at Liverpool there were 457 delegates; 193 voted for, 155 against, and 109 were neutral; so that there were only 193 votes recorded for, and there were 264 neutral and against, there was not a majority of the Congress voted in favour?—No; a majority of those voting.

7279. I want to be clear; a majority of those voting, but not a majority of the delegates present, nor a majority of members represented. At the conference at Glasgow it is 290 as compared with 205. I always argue that you cannot consider it to be a majority of representatives voting unless it is a majority of the meeting. Now the resolution is to apply to all except where organisations take a vote against the application to their trade?—That is so.

7280. You have stated here that there were a million and a quarter roughly represented, and that there were a million and a half of union men. How many non-union men are there connected with the various trades and callings that are represented by the million and a quarter?—I am not in a position to answer that question.

7281. Would it be fair for a million and a half to ask the Legislature of this country to legislate against the wishes of the majority of the men engaged in the trade who are out of every association?—If you ask my personal opinion, I say "No."

7282. Then the resolution of the Trades Congress is not a fair one. It is the wish of a minority for Parliament to concede your desire and force upon the majority something which the majority are totally opposed to?—You may put it in that way if you like.

7283. You say here "unless organised bodies," now as there is only about 25 per cent. of union men as compared with 75 per cent., that is under the mark, of non-unionists, are the 25 per cent., or Parliament at their request, to entirely ignore the 75 per cent.?—I have answered that question, I hope. I say that if you ask my personal opinion, I say "No." If you ask my opinion as secretary of the Parliamentary committee, I say that that is the judgment that is given by the vote of the congress.

Professor *Marshall.*

7284. The resolution under discussion specifies the number of hours of work, I think; it states that it is advisable that the number of hours of work should be eight, is that not so?—That is so.

7285. Do I understand that that was meant to include hours of duty, hours when a man was liable to be called on if occasion required, but when he was not actually engaged in work?—I understand it in that sense, that it should be strictly limited to a certain number per day.

7286. A navvy, for instance, would be exerting his muscles at high tension for eight hours, but a gate porter, who perhaps did not do more than three-quarters of an hour of actual work during the whole day, would be supposed to be exhausted by being eight hours on duty?—Yes, both cases would be covered by the terms of this resolution.

7287. Do you think the question has been adequately discussed at congresses whether, in case any numerical regulation with regard to the hours of work should pass, it would be well to add that an hour of duty when a man was not actually on work, but merely liable to be at work, should be regarded as equivalent, say, to half-an-hour of actual work, with the understanding that in no case should the total number of hours of duty exceed, say, 11?—I am not sure that I clearly apprehend the point of your question, but as I do understand it, you ask me if I think the subject has been sufficiently discussed in the congress, before taking the important step that they have to force the question of a uniform limit in the working hours, then I have no hesitation in saying, No, I do not think that the question has been sufficiently discussed so as to arrive at what might be a mature judgment on the subject.

7288. Then I would add, do you not think that in future discussions more attention should be paid to the question of reducing an hour of duty into terms of a certain quantity of work?—Well, I have not thought of it in that way myself.

7289. The number of members represented at the Trades Union Congress are returned at a million and a quarter. Are those full paying members, or do they include those members, (a large proportion, I gather, in certain trades) who are in arrear?—In order that I may be able to answer correctly your question I should have to see the books of the various unions, but I think it is fair to assume that those that are represented are *bonâ fide* financial members.

7290. Is there not some reason to suppose that with regard to a considerable number of the newer unions there are many on the books that are not financial members?—On that I am not prepared to speak.

Duke of *Devonshire.*

7291. At these congresses is there anything in the nature of a verification of the powers of the delegates; is there any examination of the credentials?—Yes, there is.

7292. Conducted in what manner?—By a committee appointed by the Congress to examine the credentials which have been previously

Duke of *Devonshire*—continued.

forwarded to the secretary of the Parliamentary Committee.

7293. I suppose probably no very hard and fast line is adopted; if a delegate appears to be a *bonâ fide* representative of a trades union you do not inquire very minutely how he was elected?—We do not inquire how he was elected, but we have a very strict rule as to who shall be members of the Congress, and they must be *bonâ fide* workmen.

7294. My question pointed to this. It would not be held to invalidate the appointment of a delegate, if it could be shown that he had been elected by the votes of a considerable number of members of the union who had not paid their subscriptions?—Do you mean to their local association?

7295. Yes.—That is a matter that has never been raised before us.

7296. Could you give us the rule bearing upon this?—The rule which bears directly upon the question that you have just put to me is, that "no candidate shall be eligible for election "on the Parliamentary Committee unless he is a "delegate from his own trade society, or repre-"sents a trade council, and the body so represented "must have contributed towards the payment of "the expenses of the committee during the year "previous to his election, and in no case shall two "members of one trade"—that goes on to deal with another point. Then these standing orders, Nos. 3 and 4, probably more, completely cover the ground. "The Congress shall consist only "of delegates who are legal members of, and duly "elected by, *bonâ fide* trade societies, and trades "councils and similar bodies, by whatever name "they may for the time being be called, but "delegates must not directly or indirectly have "their expenses paid by private individuals or "outside associations of any kind. All bodies "appointing delegates to attend the congress shall "forward the names of the delegates, with the "amount of congress expenses they should pay to "the Parliamentary Committee, 14 days prior to "the meeting of the Congress."

7297. The rules do not prescribe any particular method of election of the delegates?—They do not.

7298. Then what sort of investigation does the committee hold as to credentials?—The investigation that they hold is to examine the credential of the delegate, see that it bears the *imprimatur* of the society, that is, the stamp of the society, and that it be signed by the president and the secretary of that society. Beyond that we have no power of inquiry.

7299. Does it ever take place that delegates are not admitted on account of want of being properly qualified?—Yes. We had a case at Newcastle in 1891; we had another case at Dundee when the Congress was held there. On several occasions there have been instances where delegates, male and female, have been rejected on account of ineligibility.

7300. In no considerable numbers?—No considerable number at any Congress.

Duke of *Devonshire*—continued.

7301. Do you recollect what the ground of disqualification was in those cases?—I think in most cases the ground of disqualification was, that the persons applying to represent societies had not themselves been *bonâ fide* workmen or workwomen.

Mr. *Livesey.*

7302. There was one man from Staffordshire objected to, was there not?—There was one man from Rotherham at the Newcastle Congress.

Mr. *Gerald Balfour.*

7303. The delegates at these congresses represent trade councils as well as trades unions, do they not?—Yes, they do.

7304. Would it be the case, then, that in estimating the number of those who sent delegates to the Congress, members of trades unions who were also members of a trades council might be counted twice over?—That is quite possible, and that is a matter which has been foreseen by the Parliamentary Committee, and for the last two or three years the greatest possible care has been taken to prevent dual representation. We think that in the last two or three cases we have been successful in eliminating that feature, but I could not guarantee that we had been absolutely successful.

7305. I think you said that the effect of the resolution dealing with the question of a legal eight hours' day, was not, in your opinion, fully understood by the delegates who voted upon it?—In my opinion that is so, the effect of it was not fully understood.

7306. Do you think that is the case with many of the resolutions passed at these congresses?—It is with some.

7307. Would you also be inclined to say that adequate consideration is not invariably given to the very important questions, and very difficult and complicated questions, which are discussed at those meetings?—Yes, my private opinion is that sufficient discussion is not given to important questions, which are considered to be ripe for legislation, even by statesmen themselves. Personally, I should prefer, though I am not now supposed to commit my colleagues to my opinion, that the number of subjects to be discussed at the Congress was confined to two or three questions on which there is almost a consensus of opinion, or at all events, on which there has been considerable debate, both at previous congresses and in the branches of the local unions, and that these questions should be fully considered in the congress and proposals made with regard to them, which could afterwards be submitted to Parliament where legislation was necessary. I should prefer that course to the multitudinous resolutions that we have to deal with at the present time.

7308. Do you think the number of resolutions has tended to increase during the last few meetings of the Congress?—I think so.

Mr. *Gerald Balfour*—continued.

7309. So that this evil which you describe is becoming rather aggravated than diminished?—I think so.

7310. You gave us the numbers of those voting and abstaining from voting at the last three congresses on the question of the eight hours' day. Could you tell me whether, in your judgment, those numbers indicate that the movement in favour of a legal eight hours' day has advanced or receded during the last three years?—Confining my answer purely to the numbers voting in the respective congresses, I should say that the voting of the last congress shows a proportionate decrease in the majority as compared with the voting of the first congress at which the resolution was passed.

7311. And that, notwithstanding the fact that the character of the resolution was much less sweeping at the last congress than at the first?—That is so. If you desire it I am prepared to give you the proportion.

7312. Yes, I think that would be desirable?—As I have said, the Liverpool Congress was the first congress at which this resolution was passed. If the proportion of the Liverpool vote had been maintained at Newcastle, the numbers in favour would have been 233, instead of which they rose to 285, showing a proportional gain of 52 votes. The vote in favour at Glasgow, assuming that the proportion obtained at Newcastle had been sustained, would have been 255, instead of which it was only 205, or a proportionate loss of 50 votes as compared with Newcastle, and a proportionate decrease in the majority of four votes as compared with the vote taken at Liverpool where the resolution was first carried.

7313. You referred to Mr. Howell's book on New and Old Trade Unionism. Could you tell the Commission what, in your opinion, is the distinction between the new and the old trade unionists?—In my own opinion there is no distinction in the main principle; there probably is some difference of method, but in principle I make no distinction between old and new trade unionism.

7314. What is the distinction of method to which you refer?—There is probably, I think, a greater tendency to strikes, perhaps a greater fighting element, in the new as compared with what is termed the old trade unionism.

7315. Do you think there is also a greater belief among the new unionists in legislative interference?—I think that is so.

7316. Have the new unionists in this respect had an influence upon the opinion of the old unionists. Have they infused into them also an increased belief in the efficacy of legislative interference?—That may have been to some extent, but I do not think to any appreciable extent.

7317. Is it your opinion that such distinction as exists between the two sections is tending to disappear, or the reverse?—I am afraid we have not yet had time sufficient to enable us to form a judgment on that point. In certain centres there probably is that tendency; in others it does not as yet manifest itself.

7318. I should like to ask you whether, in your judgment, the regulations and practices of trades unions are tending in the direction of greater freedom of the individual, or whether, on the contrary, the tendency is in favour of imposing still further restrictions. For instance, is the policy of artificially limiting the numbers in a trade tending to be adopted by a larger number of unions than was formerly the case?—I think that is a tendency which is developing itself in some quarters where it did not formerly exist, but whether it marks a general increase of the tendency as compared with former years, I am not prepared to say.

7319. Take, again, the refusal of unionists to work with non-unionists, do you think that is more frequent?—In some districts and in some trades I think that is so, and I think it is probable that, on the whole, there is an increased tendency in that direction.

7320. Take, again, the delimitation of trades the refusal to permit members of one trade to do work which could possibly be interpreted as belonging to another trade; is that increasing?—Yes, I think that is so.

7321. Do you think there is a greater inclination to put difficulties in the way of an inferior workman rising to a superior grade without passing through an apprenticeship?—I should not like to say that there was a tendency to put greater difficulties in the way of any man rising to a superior grade. I do not think my experience would justify me in saying so.

7322. Should you say the opposition to piece-work is increasing?—Yes, I think the opposition to piece-work is increasing.

7323. Now, as regards industrial peace, I am sure you regard it as one of the principal objects of a good trade union to promote industrial peace as far as possible?—I do.

7324. Do you think that in order to be an efficient instrument for the promotion of industrial peace it is necessary that a union should be highly organised?—I certainly do.

7325. The better organised it is the more powerful its action in that direction?—I think so.

7326. That has been your experience in the mining industry, at all events?—Yes, that has been my experience in my own particular trade.

7327. And you would consider it very important that where a dispute occurs between employers and employed, and the trade union officials are called in to decide that dispute, that the men should be prepared to obey the decision given by their own officials?—I certainly do. I think it is essential to industrial peace that where the workmen's officials on the one hand are called upon to meet with the employer's representatives on the other, both parties should be prepared as honourable men to accept as a binding contract the findings of the joint committee.

7328. Now, do you think in that respect matters are improving?—In some directions,

Mr. *Gerald Balfour*—continued.

yes, and in others, no. In some directions the tendency is to break off that desire for the conciliatory and amicable adjustment of disputes, and I am sorry to say that that is an influence which is spreading itself in some quarters in a degree that sometimes gives me a deal of uneasiness. In other districts, I think the tendency is still strongly in favour of promoting industrial peace on lines of amicable adjustment and by methods of conciliation.

7329. Can you assign any particular causes leading to these different effects?—No, I do not think I can assign any particular causes except on the ground that evil communications always have a tendency to corrupt good manners, and the close relationship which exists between workmen of one particular trade and of another, and the method of intercommunication and intermingling being so complete, I am afraid that where that tendency does manifest itself the influence operates very injuriously.

Sir *Frederick Pollock.*

7330. I should like to ask you on one or two points concerning the Employers' Liability Act, I think the first thing you desire is to get rid of the doctrine of common employment?—That is so.

7331. So far I am personally with you, but you think that simply to abolish the doctrine of common employment would not be enough to stop the trouble there has been?—I certainly do think that an amendment of the law in that direction would not be sufficient to give general satisfaction.

7332. I will put it in another way; if the doctrine of common employment had never been introduced into the law do you think there would have been any necessity for legislation?—Probably there would not—I think there would not. I offer that as my personal opinion. If the judge-made law, that is the doctrine of common employment, had not been introduced I do not think there would have been the necessity for any amendment of the law on the subject.

7333. Would you say you think it would be necessary or desirable not only to abolish the doctrine of common employment, but to forbid all special contracts with reference to the compensation of workmen in these matters?—Yes, I think it is desirable to prevent all special contracts.

7334. Could you tell us shortly what are your reasons for objecting to contracting out?—Yes. I am not permitted to give names, and I do not think it would be wise that I should do so, yet I have had very striking instances brought to my own personal knowledge, which show that it would be undesirable to permit of any such arrangement as would set aside the provisions of the Act. For example, the Commission I am sure will take it from me that I have it on very good authority, that in certain districts and in particular trades where such arrangement exists, the contribution of the workmen on the one hand is a sufficient premium to cover the risk of the employer on the other, and without any financial risk or responsibility, the workmen providing the whole of it themselves, it is possible for the employer to evade the provisions of the law. I am afraid that in any legislation which would permit contracting out, similar evils to those that I have just indicated would manifest themselves in particular trades and in particular districts.

Sir *Frederick Pollock*—continued.

7335. You say that in the cases which you refer to, the employer practically contributed nothing to the insurance fund?—He practically contributed nothing, because the workmen's premium was sufficient to cover the risk, the insurance premium.

7336. Is not that a matter which the trade unions ought to be able to look after?—Trade unions, I am sorry to say, do not exist in every trade, and it is precisely in trades where workmen are least organised where evils like these creep in.

7337. But would it not be a better remedy, though a slower one, to teach the workmen in these trades to organise; would they not by organisation get better terms, and more suitable terms, for a particular trade than an Act of Parliament would give them?—I think it is likely that that would be so, but it is a price that I am not personally prepared to pay for it.

7338. You think the delay would be too long?—I think so.

7339. Do you object, on principle, to all general schemes of insurance, including pure accidents, as well as injuries for which the employer would be liable if the doctrine of common employment were abolished?—I certainly do, if it is to be made under the law.

7340. But, if it were not, if it were made by free contract without any legislation, would you prohibit people from making a general scheme of insurance, as in fact I believe some of the great companies have done, covering purely accidental injuries, as well as those for which the employer would be otherwise liable?—I would, if it set aside the provisions of the law in the respect of preventing a man from taking action where evidence was forthcoming to show that culpable negligence was the cause of his injury.

7341. When you speak of culpable negligence do you mean the personal negligence of the employer, or of some one in authority, or do you include the negligence of a fellow workman in the same trade?—If you abolish the doctrine of common employment you put all on one level.

7342. Yes, that is so; but I merely wished to know what you had in mind in that particular answer. I suppose you have heard that in some continental countries there exists, or is projected, an elaborate scheme of State insurance against accidents?—Yes, I am aware of that.

7343. Have you heard anything of the working of that system in Germany?—What I have heard has been purely from the workmen's point of view, and that is not favourable to the scheme.

Sir *Frederick Pollock*—continued.

7344. What is it that they complain of?—They complain in the first instance of the insufficiency of the allowance, and they complain also, some of them at all events, that it has a tendency to interfere with wages.

7345. With regard to wages, do you not think that the abolition of common employment taken together with an absolute abolition of contracting out might have a tendency to lower wages?—No, I do not think it would.

7346. It would put more risk on the employer, would it not?—Well, I am speaking now from my own experience of the North of England; and I do not think that I have any reason to say that, although we have no system of contracting out, although a greater risk was put upon the employer, that it in any way interfered with the wages of the district.

7347. As a fact there has been neither contracting out in special cases, nor a general scheme of insurance with a joint contribution of employers and workmen. You have not had any experience in your district of that. There has not been anything of the kind at all, has there?—There has not been anything of an elaborate nature entered on; something was suggested at the time when the Employers' Liability Act was passed in 1880, but it was not approved of by the workmen, and it was dropped. Many of the employers contributed at that time to a permanent relief fund which was established by the workmen, and some of them, I believe, yet continue to do so notwithstanding the fact that the scheme fell through, and that they had to bear the full risk imposed upon them by the provisions of the Act of 1880.

7348. You know, of course, that a great many employers insure themselves separately against risks from compensation under the Employers' Liability Act?—That is so.

7349. Do you object to that also?—Not at all.

7350. You see no harm in an employer insuring himself against risk of that kind in any way that he pleases?—I am not aware that any, except it may be some extreme persons, have ever suggested that there should be any interference by Parliament with the individual liberty of the employer to insure himself against the risk contingent on the working of his industry.

Mr. *Dale.*

7351. There has been some exception taken, has there not, on the ground that it relieved the individual employer from the observance of that care which he might otherwise exercise in order to avoid having to pay a heavy penalty?—I can only repeat the answer that I have just given, that I am not aware of any case, excepting it may be an individual here and there holding extreme views. I am not aware of responsible leaders of trades unions or workmen's associations that have ever taken up the position that an employer's individual freedom of action should be interfered with by preventing him from personally insuring himself against the risk contingent upon the working of his industry.

Sir *Frederick Pollock.*

7352. Now, I should like to pass to the Law of Conspiracy. I have not yet been able to get a copy of the judgments in those recent cases, but you may remember that there was a Trades Union Act of 1871 which did define intimidation as something which would justify the binding over the person to keep the peace?—Yes.

7353. That Act was repealed by the Conspiracy and Protection of Property Act, 1875?—It was.

7354. And as originally drawn the Act of 1875 repeated the language of the Act of 1871?—As originally drawn that is so.

7355. There was some discussion in the House of Commons on the amendments?—Yes.

7356. If I remember right, Sir Henry James pointed out that the effect of the clause in its present form would be to make it doubtful whether the intention of Parliament was to continue the meaning of the repealed clause of 1871, or to make the meaning of "intimidation" wider than it had been before?—I do not just recall the circumstance to which you refer at this moment.

7357. I think that was so, and if I remember right, what happened was that as it was late in the session the House of Commons let the clause go, but with a sort of general understanding that it was not intended to alter the meaning of the clause?—The amendment to which the Parliamentary Committee were desirous to give effect by legislation in Mr. Robertson's Bill, was simply re-instating the clause which was struck out in the former Bill which was passed by the House of Commons when the Bill was sent to the House of Lords.

7358. That would be going back to the Trades Union Act of 1871?—Exactly.

7359. Perhaps we need not consider now whether the judgment of the Queen's Bench Division in those recent cases did go quite so far as that or not. I suppose you would say that at all events it is desirable to have the true intention of Parliament expressed on the face of the Act, so that there could be no mistake about it?—It is our desire.

7360. I have the judgments now. I think you will find that in the case of Gibson *v.* Lawson the Court practically said that Parliament cannot have intended to go farther in 1875 than it did 1871. This is the important paragraph: "It seems clear, however, that "looking to the course of legislation and "keeping in mind the changing temper of the "times on this subject, the word 'intimidate,' in "the seventh section of the later Act, cannot "reasonably be construed in a wider or severer "sense than the same word in the second sub-"section of the first section of the earlier Act." The earlier Act is the repealed Act of 1871. That is to my mind the most important sentence in the report as to the construction of the word "intimidate." Perhaps you are not aware that when judges say in a judgment in a court that there is much to be said for a certain view, it means a good deal more than when anybody

Sir *Frederick Pollock*—continued.

else says the same out of court?—Yes, but still the point is yet undecided.

7361. You think it is not quite certainly decided, and it ought to be made clear on the face of the Act?—We think it ought to be made clear. If men are charged in the same way as the men were charged at Plymouth and Newcastle, there is a possibility, almost a certainty, of escape, but if they be charged, not with intimidation but with conspiracy, the Glasgow case in the following year showed that the judgment in the higher court was of no possible assistance or protection whatever to the workmen, because the men there were sent to prison. In the one case the charge was conspiracy, and in the other case the charge was intimidation, and the Acts which were covered by the provision of the law in the one case as having been done in furtherance of a trade dispute, were held by the Sheriff not to obtain in the case where the charge was conspiracy. The action of the men in the Glasgow case was exactly on all fours with the action of the men at Plymouth and Newcastle, yet the judgment broke down at Plymouth and Newcastle, in the higher court, and the men in Glasgow had to suffer imprisonment.

7362. I do not know the law of Scotland, and for anything I know there may be a different set of authorities about conspiracy in the law of Scotland. I suppose you would say that the law should be made uniform in both Scotland and England?—Exactly, because this law does apply to Scotland.

7363. As regards English law, I suppose you have heard of the decision of the House of Lords in the Mogul Steam Ship Company case?—I am not aware that I have particularly.

7364. It was a very great commercial case, and it involved a serious discussion of the whole law of trade combinations. Then, perhaps, you have not heard that in the opinion of a good many people who have considered that case carefully it abolishes the last ground of argument for the old-fashioned doctrine of conspiracy at common law?—All I can say is, I am not aware of it, I have not seen it.

7365. That is certainly the view that I have formed of the case myself after considering it carefully. Assuming, however, that the old doctrine of what was called conspiracy at common law is no longer tenable, is there anything else that you are dissatisfied with in the Act of 1875?—I am not aware that there is anything that we desire beyond that which I have already indicated in my evidence this morning.

7366. There is just another question I should like to ask you about trade combinations, are you quite sure that the feeling against what are called combinations in restraint of trade is so very unpopular?—Would you kindly repeat your question?

7367. You know there was an old legal doctrine that all combinations of the kind called in restraint of trade, combinations to fix prices or to limit the terms upon which people might work, and so forth, were in some more or less undefined way illegal, as being against the general policy of the development of trade?—Do you ask me if I think that feeling is as strong at the present time as it was formerly; is that your question?

7368. I should not put it in that way, but I am quite aware that that doctrine is regarded with great disfavour by those whom you represent?—Yes.

7369. And by the skilled workmen in the country, generally. Have you any opinion as to whether there exists any general popular feeling on the subject outside the trades?—I do not know that there is a very general or very popular feeling outside of the trades, but I certainly know that within the trades there is a very strong and a very popular feeling in favour of complete freedom of combination.

7370. I quite sympathise with you, myself, so far, but the contrary notion of trade combinations being wrong is very ancient, and I have seen a good many things in the course of antiquarian readings, which have led me to believe that it was once very popular. You have not any reason to fear that we might come into collision with an unexpected mass of popular opinion by any legislation that you desire?—I have not.

Mr. *Plimsoll.*

7371. You stated this morning that in your opinion there was some slight diminution going on in the number of men connected with trade unionism, and you attributed it to the bad times, and the difficulty of keeping up their payments. Is it your opinion that if trade were to revive, and wages to improve, they would again rally to their unions, and that the diminution of which you spoke would cease to take place?—I think so. Experience has shown all along the line that that has been the tendency.

7372. Then suppose we let it be a slight diminution, which you glanced at; do you think it is merely a temporary phase?—I think so.

Mr. *Courtney.*

7373. The elections of delegates to your Trades Union Congress are annual, are they not?—Yes, they are.

7374. Do they take place just before the assembling of the Trades Congress?—They do.

7375. And the electors have in view the questions to be raised at the Congress?—Not always.

7376. The elections are not far off in time from the Congress, are they?—That is so. If I may be permitted to supplement my answer, I may say that the Parliamentary Committee have recently taken steps which will insure in the future that the resolutions to come before the Congress will reach the Parliamentary Committee six weeks before the meeting of the Congress, thus affording time to be returned again to the local branches, so that they may have an opportunity of considering them before the Congress meets, and before they select and instruct their delegates as to what they have to do.

Mr. *Courtney*—continued.

7377. The object of that would be that the members in the several branches should have in view the business coming on before they elect their delegates?—That is so.

7378. Would you say that in the past, in spite of the absence of any such provision as that, there has generally been an understanding that some special question was coming on?—No, I could not say that there was generally an understanding that some special question was coming on, but I think it might be said that a general knowledge existed amongst the delegates as to what had been done in the preceding session, and that questions that had not received consideration in the House of Commons, but had been considered at previous congresses, would again be considered, and their judgment re-affirmed or otherwise in relation to them.

7379. After the Congress at Liverpool, would it be a general notion amongst the trades unionists electing the delegates for the next congress that the hours of labour would be the most important question at that congress?—I think that would be so in the case of the congress to which you have referred.

7380. An important question having been raised at one congress the main question in the minds of the electors to the next was that question?—It was that question, because it had been considered pretty universally in the *interim.*

7381. Then the persons coming to the second congress as delegates might fairly be taken to represent the views of the majority of the persons electing them?—Yes, I think that is so.

7382. Have you any information as to the amount of dissent in local branches at these elections?—Not as to the extent, but I have known that in the local branches there has been dissent, and in some cases a fairly strong minority.

7383. And a small majority might in some cases turn the scale, though the total number of electors was very considerable?—That would be so.

7384. Would you say that occasions had arisen, where in your opinion the votes of the delegates have resulted in a different opinion from that which would be the votes of the electors themselves; that is to say, a question being put to the delegates in the congress, they may have voted "aye," whereas if the same were put at a plebiscite to all the electors they would vote "no"?—Yes, in my private judgment that would be so.

7385. Has any attempt ever been made to verify that suspicion?—I am not aware that there has, except in the question of the plebiscite already referred to, which was authorised by the Bradford Congress.

7386. Did that prove any such discrepancy?—I do not think that it proved any such discrepancy, inasmuch as we had no data for comparison, because the vote in the congress was not taken really on the merits of the question, so that the plebiscite was taken before the congress had expressed a definite judgment on it.

7387. Would you say that these occasions, when the vote of the congress is in your judgment different from what the vote of a plebiscite would be the difference arises from the different sizes of the bodies sending delegates?—To some extent that would be so, but I think very much would depend upon the proportion of the majority of the individual or the cumulative voters represented by the delegates in the congress.

7388. The different sizes of the constituency might bring about that result, but it would not explain it wholly?—It would not explain it wholly; it might bring about that result.

7389. This is a question which has agitated you, the attempt to obtain in your congress a more perfect representation of the opinions of the electors?—Yes, that is so.

7390. Are there any proposals now before the congress from year to year for reforming the mode of election?—No, we have no proposal before us now. At the Newcastle Congress we had a proposal relegated from the Liverpool Congress to prepare some kind of a proportional scheme, but at Newcastle it was found unworkable, and we had to abandon it amidst much confusion.

7391. Has any scheme ever been sent up to make a referendum obligatory upon a requisition of a certain number of dissentients?—No, that has not been referred to, to my knowledge, in any way.

7392. That might possibly test the view of the constituents?—I think it would to a very large extent test it, and assuming that they exercised the power of voting, you might accept the verdict as a fairly accurate estimate of the opinion of the workers.

7393. Turning to the Employers' Liability Act, in that case where you said the contributions of the workmen fully met all the responsibilities of the employer, was there any means of comparing the wages paid to those workmen with the wages of similar workmen in the neighbourhood?—I do not know that there was any established plan or method of doing it, but it would be in my judgment not a difficult thing to do. I do not know that any attempt had been made to do it.

7394. There would be workmen of a similar character in the neighbourhood, so that comparison could be made?—Yes, the comparison could be made.

7395. Would you not expect to find some difference in the wages if there was this difference in the contributions to be made out of wages?—If there was in one case a contribution to be made out of wages and in the other not, I would expect in the case where the contribution was not made that the wages would be higher than in the other case.

7396. Where the contribution was not made the wages would be higher, do you say?—I would expect that where the workman contributed directly to a certain fund, in that case the wages

Mr. *Courtney*—continued.

would be lower than in the case where the workman made no such contribution.

7397. Why?—Because the contribution was a proportionate reduction of his wages.

7398. I do not quite follow the reasoning. Let us put it in figures. A workman at a particular place gets 25*s.* a week, and pays 6*d.* out of that to a fund; there is a similar workman engaged in a similar occupation near by where he does not pay 6*d.* to a fund; would you expect his wages to be higher than 24*s.* 6*d.* or lower?—I would expect in the case where the one man is contributing to a fund, if he is to relieve the employer, as in this case he would, then the effect would be opposite to the answer that I previously gave to your question.

7399. That was the hypothesis we started from, was it not?—Yes, then in that case I would say that it would be so.

7400. So that the apparent wrong—it may be injudicious to allow that plan—but the apparent wrong would correct itself?—Yes, so far as wages were concerned.

7401. There are many accidents of course, and always will be, which under no scheme of a reform of the law would involve a liability on the part of the employer?—Yes, that is so.

7402. Is it not convenient in the administration of a large going concern, like a big mine, to be able to have one fund which will meet all accidents?—It is done so now in some cases.

7403. And which shall by means of a contribution from the employer do away with the questions of internal liability—mutual liability?—Yes, as I have said, such a plan as your question suggests does exist now.

7404. Would it be impossible to get such a means of testing the propriety of that plan as to allow it to supersede the employers' liability, to allow of contracting out if it was adopted. I mean could you make the liability of the employer absolute, except in cases where some plan has been agreed on and approved by some external authority?—I am not so sure that I follow your question very carefully.

7405. Put it in this way; you say it would be convenient at all events to get a scheme regulating a mine dealing with all the accidents which might arise under it?—Yes.

7406. You object to allowing an employer to contract out of the Employers' Liability Act, that is your main principle?—Yes.

7407. Would you admit a variation from that principle if the employer put before his workmen a scheme which obtained the sanction, after examination, of the Board of Trade say?—I am not so sure that I would be willing without further consideration to subscribe to a principle even of that kind.

7408. You have not considered it?—Not so fully. I have considered it to some extent, and I do not think, with the information before me at the present time, that I would be willing to consent even to a scheme of that kind.

Mr. *Courtney*—continued.

7409. You allow that it might be productive of some convenience to both parties?—It might be.

7410. But your jealousy of the immunity of the employer would not be got rid of by the necessary sanction of the Board of Trade?—Yes, and it is entirely on that ground that the difficulties present themselves to my mind.

Mr. *Tait.*

7411. The delegates to the trades congress which you represent have now to be all *bonâ fide* workmen?—Yes, that is so. I think I should, with your permission, take this opportunity to correct an answer which I think I gave to a question put to me by Mr. Courtney. I think I said, in reference to a question put to me by Mr. Courtney, that nothing had been done to improve the basis of representation apart from what was done on the instruction of the Liverpool Congress. At the last Congress, the Congress in Glasgow in September last, this standing order was added, which alters the basis of representation for all future congresses. "Trade "societies, by whatever name they shall be "known, shall be entitled to one delegate for "every 2,000 members, or fraction thereof, pro-"vided always that they have paid 1*l.* for every "1,000, or fraction thereof, and 1*l.* for each "additional 1,000, or fraction thereof, towards "the expenses of the Parliamentary Committee "for the past year, and 10*s.* for their delegates' "fees. Trades councils or like organisations "made up of a number of branches or trades "shall only send representatives, and be called "upon to subscribe as aforesaid for those trades "who are not directly represented through "their own respective trade or associations." I think that will correct the answer that I gave to Mr. Courtney's question, and also be my answer to the question put to me by Mr. Tait.

Professor *Marshall.*

7412. In the report of the parliamentary congress the number of persons whom each delegate represents is put down, I think; you say a trade council with such a number. Does the number put against the trade council represent the whole number who are represented by that trade council in ordinary matters, or only the remainder after deducting those who are otherwise represented?—In the future it will only represent those members comprising the trades council who are not directly represented in the congress by members of their respective trades. In many of the previous congresses I am afraid that there was a dual representation so far as members were concerned, but within the last two or three years we have endeavoured to correct that as far as we possibly could. As I said in a previous answer, I do not think that we absolutely checked the evil, but practically we did.

7413. My point is, that in the last return, for instance, when you have been endeavouring to prevent this dual representation, have you diminished the number of representatives of a trade council, most of whose members were

Professor *Marshall*—continued.

represented in other ways, and also diminished the number who are returned in the list as members under that trade council.—We have not diminished the number of representatives, but we have subtracted the number of members which they represented, and which were already represented by individual delegates.

Mr. *Tait.*

7414. Individual delegates or trades?—Yes, individual trades affiliated with that trade council.

Mr. *Dale.*

7415. As a matter of fact does each trade send the full number of representatives that it is entitled to do?—No, not as a matter of fact.

7416. And if it did not do so, would the votes of those whom it did send be counted to the full proportionate strength, or merely according to head?—According to head.

Mr. *Tait.*

7417. Prior to the decision of the Glasgow Congress, matters were as Mr. Dale has stated, that it was within the province of a small trade to send a very large number of delegates, providing that they paid the delegate's fee?—It was so.

7418. In the future they will only be able to send in proportion to the strength of the trades union which they represent?—Yes, that is so.

7419. Now, besides altering the constitution it is a fact, I think, that any delegate representing a number of workmen at the congress has to be a worker, or has worked at the trade which he represents, and also has to be a member of the trade which he represents?—Yes, that is so.

7420. On page 23 of last year's Trades Union Congress report, you, as secretary acting for and on behalf of the Parliamentary Committee, made reference to a report of a Select Committee composed of members of the House of Commons, upon the hours of railway servants. In the second paragraph of that report it says, "In "their opinion," that being the opinion of the Parliamentary Committee, "the object to be "arrived at is to compel any railway over-"working its servants, to abstain from doing so, "and if the present power of the Board of Trade "is insufficient to induce any railway to comply "with its request, Parliament should then em-"power the Board to enforce a satisfactory "schedule of booked time, under a penalty of "20*l.* per day for every day during which "they refused or neglected to comply with "such order, or evaded it by making an "unreasonable difference between booked and "actual time or otherwise." Might I ask you, if it is not too much, to say what were the reasons that led to these conclusions of your Committee?—I fear that there is some little mistake here, because in this part of the Parliamentary Committee's report they are simply quoting from the report of the Select Committee, but it does not appear with the usual quotation marks in that report. That is an oversight. It is not

Mr. *Tait*—continued.

expressed as the opinion of the Parliamentary Committee, but is a quotation from the report of the Select Committee.

7421. Then I take it, instead of this being really the outcome of the deliberations of the parliamentary committee, it is simply an extract from the Select Committee's report?—Yes, that is so.

7422. During your very lengthened and wide experience of accidents, especially accidents where the control or charge of steam is concerned, have you ever come across cases reported by factory inspectors, or have cases come under your own cognisance, where what you thought, or what they thought, were incompetent persons had charge of steam engines and boilers?—I have not known personally any such cases, but I have had the opportunity of examining inspectors' reports, where it has been positively stated by the inspector making that report to Parliament that the accidents which resulted in injury to workmen, sometimes permanent, at other times fatal, were due, in his opinion, to the incompetency of the persons in charge of such machinery.

7423. So much so has that been demonstrated to the trades unions of the country, that at the various congresses which have been held, they have passed resolutions unanimously to the effect that a Bill should be proposed in Parliament to give to persons having charge of engines and boilers on land a certificate similar to that which is held by marine engineers?—That is so.

7424. Were you not in your position as a member of Parliament the person who has, from time to time, put forward that Bill, when opportunity has occurred?—Yes. The Bill for several years was in charge of Mr. Crawford, the late member for Durham, and after Mr. Crawford's decease, at the request of the Parliamentary Committee, I took charge of the Bill.

7425. Might I ask you if the support to that Bill in the House of Commons has increased from time to time?—There has never been any opportunity as yet to obtain a second reading debate on the provisions of the Bill, but from representations made to me privately by members of the House of Commons, I have reason to think that there is an increase of sympathy in the minds of members for the provisions of that Bill.

7426. Are you aware that it has so increased that special questions have been put at election periods to members of Parliament upon this particular question?—I am aware that that is so.

7427. I am aware, although I was not here at the commencement of your evidence-in-chief, that you are personally opposed to what is known as a legal Eight Hours Bill, and have expressed opinions that such should be gained by the organisation of trades. Providing that there could be an international arrangement brought about at such a conference as took place at Berlin, for instance, where this country was represented by delegates, would you be still

Mr. *Tait*—continued.

opposed to it?—I should be guided very largely by the information that was to be obtained by the holding of such a conference. I am not now supposed to be speaking, of course, for the Parliamentary Committee, but expressing my own individual opinion, personally I think it is inadvisable for Parliament to do either for labour, or for any other section of the community, what they may be reasonably expected to do for themselves.

7428. Another important point has arisen in the congresses, I think, which you represent relative to the abolition, if possible, of the domestic workshops; I should like you, if you could, to place on record in the minutes of our proceedings, one or two of the reasons which have led Congress to suggest to the Parliamentary Committee that they should get legislation for the purpose of entirely abolishing the domestic workshop?—I am not sure that I can recall in terms the reasons which have been urged for the abolition of the domestic workshops, but some of the reasons that have been urged for their abolition were in many cases the conditions of health. I mean that the insanitary condition of the surroundings has been urged as one of the grounds why that should be abolished; and it has also been urged that they are a fruitful source of sweating to the workers themselves. I do not profess at this moment to be able to recall in terms the reasons which have been given, but generally speaking it is because the domestic workshops are unhealthy places, and also because they are a fruitful source of reductions of wages.

7429. Has there been a disposition on the part of the Congress from time to time to get these domestic workshops registered, the same as we do an ordinary factory?—There has been a very strong disposition and desire, which I believe is increasing at almost every successive congress.

7430. Might I take it that that is one of the reasons why Congress from time to time has passed a resolution favourable to a very large increase in factory inspectors?—I think that is so.

7431. Dealing with the question of inspection, has the work of the mines inspectors led you to believe that there is a diminution in a certain class of accidents owing to practical persons, or persons with a certain amount of skill, being appointed by Government to take an overlook in these mines?—As compared with previous years there has of late been a certain diminution in the number of fatal accidents in mines. I think that is partly due to improved legislation, and partly due also to the vigilance of the inspectors.

7432. Might I put it in this way. Are you of opinion that inspections of mines have led to a diminution of accidents in the interests of the miner?—I think they have, speaking generally.

7433. The same, I suppose, would be the case with regard to the quarries?—The same would be true with respect to quarries, but in some districts, I think it is only fair to say, that there is no inspection of open quarries.

Mr. *Tait*—continued.

7434. Notwithstanding the fact that the law makes the provision for their inspection?—I am not so sure that the law does.

7435. In regard to factory inspection, are you of opinion that the supervision by Government of factories has led to the diminution of accidents in factories?—I am of that opinion, although I could not cite comparative statistics which would support that opinion.

7436. Are you aware that for a number of years back one of your colleagues with you to-day, in the person of Mr. Harford, has made a proposal to the Congress that there should be a number of sub-inspectors taken from the ranks of practical railway men, in a similar manner as they have taken from factory operatives and others those whom they have made factory inspectors, and for the purpose of looking after the employés from a practical standpoint?—Yes, I am aware that such proposals have been made by Mr. Harford in the Congress from time to time, and have been supported by the unanimous vote of the congress.

7437. Just one or two questions on the question of employers' liability. In answer to Mr. Courtney, who I think put the question that if an employer conjointly with his workmen having the sanction of the Board of Trade to contract themselves out of their liability through or by any insurance, you said that you had not considered the question sufficiently yet, you were not prepared to commit yourself even to that principle?—Yes, I said so.

7438. Might I ask you if the feeling of the Trades Union Congress has not been that there should be no contracting under any circumstances out of the law?—Yes, I think I stated so in my evidence this morning.

7439. Has it not also been said in that Congress that it was not a question of compensation that the workmen so much required, or the representatives of the workmen so much required, but what they wanted to secure was that every possible precaution should be taken at whatever employment for the purpose of protecting their workmen?—Yes, that is so.

7440. And the feeling of the Congress has been, I think as expressed by them, that if any method at all was allowed to get out of the law as it stood, the tendency would probably be that an overlooker or foreman might neglect his duty, and the consequence would be that some dangerous part of the factory or workshop might not be sufficiently protected?—That has been, generally speaking, the position assumed by the Congress.

7441. Now with regard to the doctrine of common employment, you are aware that when a foreman or manager employs (let me illustrate it to you) a miner, and presuming that you are working in the mine, employs a miner to work alongside of you, the employer does not ask your liberty or privilege for that man to work with you?—No, he does not.

7442. Has that been advanced as a reason, the fact of your not being a consenting party to the employment of an individual, that there

Mr. *Tait*—continued.

should not be any special provision for the employers' protection similar to that in the doctrine of common employment?—That has often been urged both in the Congress and outside of the Congress by the leaders of the working classes as a reason why the doctrine of common employment should be abolished.

Mr. *Dale.*

7443. Not as a reason for not contracting out of the Act?—No; abolition of common employment, I mean.

Mr. *Tait.*

7444. I mean for the abolition of common employment?—Yes, exactly.

Mr. *Dale.*

7445. Just one question. Is any union entitled to bring before the Congress, having given due notice thereof, any resolution, or must a resolution in order to be entertained by the Congress receive the support of a certain number of societies or unions?—Any union is entitled to bring a resolution before the Congress, but it must be supported. The resolution must be signed by the president and the secretary of the society so bringing the resolution before the Congress.

7446. The time of the Congress may be occupied at the instance of any one society with a resolution submitted by that body?—Yes, that is so.

7447. You have not considered, perhaps, the question of whether the very valuable time of such a body might not be turned to better account if resolutions could only be submitted on their receiving the support, by way of proposal, of a certain number of societies?—I have personally considered the advisability of such a course, but the Parliamentary Committee as a Committee or the Congress itself has not.

Mr. *Tait.*

7448. Might I just ask at this stage a question to further supplement your question, Mr. Dale. Is it not a fact that the business which comes first before the Congress has to be sent in to you as secretary of that Congress 30 clear days before Congress meets?—That is a standing order.

7449. And after the Congress does meet the Standing Orders Committee, which are appointed at the Congress, ballot then as to their precedence before an association in the congress?—Yes, that is so. But the greater part of the resolutions, and, indeed, until very recently, all resolutions, excepting questions put down by the Parliamentary Committee itself, in order to start the business of the Congress, have only been handed in after the Congress has assembled.

7450. That was prior to the meeting of the congress in Newcastle. Since the Newcastle meeting 30 days' notice have to be given of a resolution to secure priority?—Yes.

Mr. *Livesey.*

7451. I should like to ask one or two questions about the employers' liability. I saw a statement a little while ago about German statistics as to accidents. Something like 20 per cent. of accidents were due to the employers' neglect, 23 and a fraction per cent. due to the neglect or carelessness of the workers, leaving over 50 per cent. of the accidents unaccounted for. Now, would you not approve of some scheme which should make provision in case of all accidents. Of course, I suppose you would say it gave immunity to the employer against accident?—I think I said so in answer to a question that was put to me by Mr. Courtney on the same subject. I have that fear in my own mind, that immunity to a certain extent, at all events, would be given to the employer, and I should hesitate before I give my sanction to the principle.

7452. And so you would leave the 50 per cent. of accidents without any provision at all?—Any provision further than the workmen themselves were prepared to make by means of their prudence and forethought.

7453. But supposing some scheme were adopted, something like the Miners' Permanent Relief Fund, where the employers and workers contribute equally to a fund to provide compensation, not in the form of a lump sum, but in the form of a weekly allowance, in the case of all accidents, fatal or otherwise?—That is not universally so.

7454. No, but would not that be a good thing?—I do not think I can alter the answer that I have already given on the subject. There is no doubt it would be in itself a good thing. That I am prepared to admit, but I do not think it remedies the difficulty as completely as we should desire to see it remedied.

7455. Then will you admit that a considerable number of accidents are due to the workers themselves, for which the employer cannot very well be responsible?—Oh, yes, I am willing to admit that.

7456. Then do you think it is fair that an employer should be held responsible to provide compensation for all these accidents, which he would have to do if the doctrine of common employment were abolished, accidents caused by the neglect of the fellow workmen?—That is a very moot question, and it comes within the limits of the question that was put to me by Mr. Tait just a few moments ago. The workman on the other hand says you do not consult me when you employ Tom, Dick, or Harry; if you had consulted me I could have told you that he was an incompetent man, and had no experience at all of the nature of the work that he was employed to do, and it is not fair that I should have to suffer injury through his negligence when I was not at all a party to his employment.

7457. I would give the worker the right to deal with cases of that sort and to draw the attention of their employers to the fact that such and such a man was not competent, and then, if the employer refused to take heed of any such

Mr. *Livesey*—continued.

notice he should be liable ?—I think that again would start difficulties, because when workmen undertake to make such suggestions there are employers and employers just as there are workmen and workmen. There are employers who I believe would give the most favourable consideration to suggestions made by the workmen, but there are others who would regard it as meddlesome interference with the conduct of their business, and would resent any such suggestion coming from the workmen.

7458. Do not you think that it would be well if we could go somewhat in this direction to get the workman and the employer jointly interested in preventing accidents. At present, with the Employers' Liability Act, the responsibility for certain accidents is thrown on an employer, and with the amendment that you ask for, the entire responsibility for all accidents except those that were purely unavoidable will be thrown on the employer; would not it be better if we could get the workman and the employer jointly made responsible in some way ?—Well, if you could do so it would be, but I must confess that I do not see any possibility of doing it.

7459. I think it can be done, but you would like to see it done anyhow ?—Certainly, and I should favourably consider any scheme that either yourself or any other gentleman might care to draft. You say you think it may be done, and I should be very glad to consider any scheme or proposal that was put before me with a view to accomplish that end.

7460. I think I can do it ?—Very well.

Mr. *Gerald Balfour.*

7461. Would you be content if the doctrine of common employment was to continue to apply between members of the same union ?—No. Speaking without further opportunity for considering the question, I do not think on the spur of the moment that I could accept that.

Duke of *Devonshire.*

7462. You have answered one or two questions put by Mr. Balfour on trades unionism generally; I do not know whether you have any objection to add to that a little. You have had, I presume, considerable acquaintance with the history of trades unionism ?—I have.

7463. Is it not a fact that in various trades where trades unions have had a very varying amount of success, in some they have taken from the beginning a very firm position in the trade, and continued to consolidate their position, while in others they have never been successful ?—That may be so, but I think it is very difficult to estimate the value of trades unions from the results that may be obtained in a concrete form, and in which you are able to tot up in so many units the gain that has been obtained. There is a moral influence which the best trades unions exert that you cannot calculate by mere statistics.

7464. But do not you take it as one test of the success of a union at all events that a large

Duke of *Devonshire*—continued.

proportion of the men engaged in that trade are members of it ?—Yes, I would take that as one test of the success of a union, not because it was numerically strong.

7465. There are many industries in which a very large proportion of the workmen engaged do not belong to the union ?—That is so.

7466. What conditions, in your opinion, are most favourable to the growth of strong and successful unions ?—The conditions that are most favourable to the growth of a strong and successful union are that the workmen composing that union should be living contiguous to each other, that they should be in close touch with each other, and that they should to a considerable extent be performing a precisely similar class of labour. Where you have great diversity of employment there is, I am afraid, a greater difficulty of keeping together a strong union than what there is in the engineers and miners, and even in the Agricultural Labourers' Union, but when you come down to what has been termed unskilled labour, there is greater difficulty in keeping together in a case like that a strong and successful union than what there is in such cases as those to which I have just referred.

7467. Could the two conditions that you refer to be expressed in those terms, that it should be a trade of a strongly local character concentrated in certain districts ?—I think it might fairly be expressed in those terms.

7468. And also that it should be one in which a certain amount of skill and training is required ?—Yes, that would be an element.

7469. Have you considered whether any alterations of the law are desirable with a view to giving a more corporate character to trade unions. The law of 1871–75, I believe, only gives a corporate character and capacity to them in respect to their own property and funds, is not that so ?—That is so.

7470. Have you never considered whether it would be desirable to give them a corporate character in a sense that would enable them to enter into contracts, and to sue and be sued with outsiders ?—I am afraid that I have not given to it, I am certain I have not given to it, full consideration, and certainly not consideration commensurate with the importance of the subject involved in your question.

7471. It has been suggested to us in evidence that arbitration might be made more effective by binding the two parties to arbitration to a certain contract, making them pecuniarily liable for breach of that contract. It would be easy if an agreement were arrived at between a trades union and a body of employers to make the employers pecuniarily liable for any breach of that contract, but it would not, under present existing circumstances, be easy to make the trades unions pecuniarily liable ?—It seems to me that it is just as easy to make the one, providing you are prepared to take that step, pecuniarily liable as the other. I have, all my life, advocated the principle of conciliation and arbitration in the settlement of wage disputes,

Duke of *Devonshire*—continued.

but I think the great merit and value of arbitration or conciliation in any form as applied to industrial disputes lies in the voluntary character of the contract, and I speak now from considerable experience gained in my own trade. I think out of nearly 20 years' experience of a joint committee that has had the management of local disputes in our own county, only in one single instance was there any indisposition, either on the one side or the other, to accept the award, involving many times large reductions of wages, and, on the other hand, considerable advances, and that was a case in which the umpire to whom the case was sent, went beyond the terms of reference, and decided a point that was not submitted for his consideration, so that our own experience shows that the great value of arbitration lies in the mutuality of the contract, and I should say that the tendency of such a principle as that is to develop right habits of mind, and that in the minds of both workmen and employers. But any party it seems to me who is compelled by an extraneous power to submit their case to a given tribunal, it might be against their will, will take the earliest opportunity of freeing themselves from the award if that award be adverse to them.

7472. Yes, but I do not know whether I quite made my question clear. What I want to ask your opinion upon is, whether there would be any advantage if the law enabled trades unions to enter into binding agreements, agreements which could be legally enforced with individual employers or bodies of employers. Do you think if they possessed that power it might be a means of avoiding strikes?—Probably it might be a means, and, if it were, in that case I should be very glad to see it done. I certainly prefer the other arrangement myself.

7473. You prefer an arrangement voluntarily entered into, and voluntarily maintained?—Voluntarily maintained, because you would be compelled even to go a step further than fixing the financial responsibility on either the employer or the workmen, and you would have to make it impossible for a workman to give notice to terminate his engagement with his employer, and on the other hand, you would have to compel the employer to continue working his industry, after an adverse verdict had been given, even if he was losing money.

7474. At present at all events there does not exist any opinion on the part of members of trades unions, or the officers of trades unions, in favour of giving to them by law a more corporate character than what they possess at present?—That has not generally been expressed, or has not manifested itself in our deliberations. I believe that in certain quarters there is a desire to give the trades unions such corporate powers as are applied in your question, but I am not aware as yet that it has received very favourable consideration at the hands of the workmen.

7475. Mr. Balfour asked you as to the attitude of trade unions generally towards questions such as those relating to piece-work, and the

Duke of *Devonshire*—continued.

delimitation of work, would you state what is the attitude of trades unions generally as to the profit-sharing and bonus schemes, is it favourable or the reverse?—That feeling varies, according to the nature of the industry, and also according to the locality affected. In some of the districts there is a strong feeling in favour of some scheme of profit-sharing, and in others the opinion of the workmen is quite averse to it. Where the feeling is so strongly averse to profit-sharing, it probably arises out of the impression which obtains in the minds of the workmen, that the nature of the industry is such that you may have periods of considerable loss, and on the other hand periods in which considerable profits are made, but taking the average, the profit made will probably not be more than what the hazardous character of the industry would justify an employer in asking as a fair remuneration for his capital invested, and as the workmen, on the other hand, are not prepared to share the responsibility of loss, they must allow a higher rate of interest to capital during each year, so as to cover the contingency of losses, and in that way they say there is little hope of any material improvement to wages accruing by means of profit-sharing. I believe a larger number of workmen look favourably upon the principle of co-operative production rather than on that of profit-sharing.

7476. Is their attitude towards profit-sharing, based on the opinion that in good times, when there are profits, they can probably make a better bargain in the shape of wages than they could get out of any profit-sharing scheme?—That is an element that may operate to some extent.

7477. Is it not the fact that in the Glasgow Congress of 1892 a motion was made in favour of conciliation and arbitration in trade disputes, but that the Congress declined to discuss it?—I do not recall that just at the moment.

7478. If it is the fact and you do not remember it, you could not state the reason why it was so?—No, I could not state the reason.

Mr. *Burnett.*

7479. The previous question was put, was it not?—I could not recall the grounds on which the previous question was put.

Duke of *Devonshire.*

7480. Could you speak to it?—I could not speak to it.

7481. Could not any of the other witnesses speak to it?—(Mr. *Anderson* and Mr. *Harford.*) I have no recollection of it, your Grace. (Mr. *Anderson.*) Mr. Fenwick and myself were very often out of the hall when these discussions took place. We were on committees a great portion of the time.

7482. I think you said the motion which was passed in favour of an eight hours' day was on trade exemption, was it not?—(Mr. *Fenwick.*) Yes, it was in a sense, the principle of exemption, it was an exemption by dissent, if I may express it in that way, rather than a principle of assent.

Duke of *Devonshire*—continued.

7483. Did it mean that permission should be given to any trade to take some steps in order to exempt itself by the order of some authority from the operation of the Act?—The principle of the resolution was that it should be enforced upon all trades excepting where a majority of the members of the union, not of the trade, in that trade protested by a ballot vote against the same.

7484. Have the details of such a proposal ever been worked out. Have the clauses been either prepared or discussed for an Eight Hours Bill containing trade exemption clauses?—A Bill has been introduced into the House of Commons—a Bill with one clause, I think—only one operative clause, and that practically confines itself to the terms of the resolution passed at the Congress.

7485. The Bill has been introduced?—The Bill has been introduced.

7486. In the last session?—In the last two sessions.

7487. But it does not contain trade exemption clauses?—It contains the exemption by dissent.

7488. But with any details such as definition, for the purposes of the Act, of a trade?—None whatever.

7489. Have the details of such a measure been any further considered by the Parliamentary Committees since the Glasgow Congress?—Not any further details.

7490. You are not able to say whether any Bill containing such details is about to be introduced, are you, on the part of the committee?—That I am not in a position to say.

7491. In your opinion would not any scheme of exemption by dissent of certain trades require a great deal of elaborate working out?—Expressing my own view, I think it would.

7492. Would it not be necessary in the first place to define a trade for that purpose?—I think so.

7493. And also probably a trades union?—That might also be necessary.

7494. But no attempt at such careful definition has yet been made?—None whatever.

7495. Was it considered that in this question of exemptions the employers, or any representative bodies of employers, should have any voice in the matter?—If I confine myself to the text of the resolution which lays the basis for this legislation, I should say "No."

7496. I do not know whether you would like to say whether you consider it would be equitable that employers should have no voice in the matter, that the option should be confined entirely to the trades union?—I think, my Lord, that I would prefer to reserve that for another occasion.

7497. Do the other gentlemen at the table wish to add anything to what Mr. Fenwick has said?—(Mr. *Harford.*) No.

7498. What is your society, Mr. Anderson?—(Mr. *Anderson.*) The Amalgamated Society of Engineers.

Duke of *Devonshire*—continued.

7499. You had some evidence to give on the subject of measures taken as to providing work for your members, had not you?—I wish to explain my position first. You have just mentioned it yourself. We are here to-day in our capacity as representatives of the Parliamentary Committee. It has been represented to me that when several of our own officials were here giving evidence before this Commission, they had omitted to give evidence on a few important matters that it appears some of our friends would like to be cleared up. Upon those grounds I consent, but it must be understood that I in no way represent the society here to-day, because it is not understood by our officers and members that I do so; but considering that some of our friends seem to wish that these few questions should be answered, I will answer them to the best of my ability.

7500. But not in an official capacity, as I understand?—No, my Lord.

7501. Can you inform the Commission whether your society has any system of regular district trade reports showing the state of employment in the trade throughout the country?—We have.

7502. Would you describe the system?—The system we adopt is as follows. Each of our branch secretaries throughout the society sends in monthly a return of members out of work, the state of trade, the branch of trade they belong to, and this information is tabulated and sent out again to the branches a few days afterwards.

7503. Do your unemployed members travel in search of work?—Very often, especially the younger members.

7504. Have you made any provision for relieving them and giving them information as to the state of employment in the districts through which they are passing?—All that provision is arranged. We provide those men with travelling cards which are a sort of passport for them; they can go from one town to another, from one branch to another, and upon the presentation of this card they are allowed so much per day as out-of-work benefit. At the same time, in the town they may go to, the secretary or the officials there give them information as to whether work is available in that district, or if not they can direct a man where to go.

7505. Have you special offices for these purposes, for unemployed members in large centres?—We have four central offices; one in Manchester, another in Liverpool, one in Leeds, and one in Glasgow. We have a paid official who has charge of the office, and he looks after those men who are on travel.

7506. Do you have any relations with employers in this matter?—Yes. In those places where we have had branches, the employers frequently apply to those officials for men when they require them.

7507. In case men are applied for from a distance?—We pay their railway fare and send them.

Duke of *Devonshire*—continued.

7508. You advance the railway fare ?—We pay it to them as a benefit.

Mr. *Bolton.*

7509. Mr. Fenwick, in answer to Mr. Tait, I think you expressed a great objection to domestic workshops as tending to various evils. I think it would be desirable that Mr. Fenwick should give his definition of a domestic workshop ?—(Mr. *Fenwick.*) I think I stated, or rather I endeavoured to recall, the opinion expressed in the Congress in reference to this subject, rather than to give any express opinion of my own.

7510. Then you do not care to give your own definition of them, is that so ?—No, I do not care to do so.

Mr. *Tom Mann.*

7511. Mr. Harford, whilst you are a member of the Parliamentary Committee, I think you are secretary of the Amalgamated Society of Railway Servants, is that so ?—(Mr. *Harford.*) I am.

7512. I should be glad if you would give us the benefit of your advice, might I put it, concerning the attitude taken up by your union respecting the regulation of working hours. Do they endorse State regulation of working hours ?—No, we do not We have what is commonly known as the Railway Men's National Programme, and we hope to obtain that by the methods which have been advised by the Select Committee that inquired into the conditions of railway overwork.

7513. And that includes, I think, some amount of State interference, does it not ?—Yes, it does, eventually.

7514. Could you tell us to what extent ?—In the first place it is recommended that schedules of working time should be given to the Board of Trade, and that if these schedules show a continuation of systematic overwork, revised schedules should be asked for, and that then if they were not forthcoming ultimately there should be penalties.

Mr. *Tom Mann*—continued.

7515. Which would amount to State regulation of working hours, would not it ?—In that sense, yes.

7516. You fix a ten hours limit, I think ?—Yes, we have three limits. The ten hours we think should be the maximum for most grades in the railway service, while eight hours should be the maximum for signalmen, and others in busy classes of workmen.

7517. What is the attitude of many of the representative men, and therefore of the societies, that compose the Parliamentary Committee, regarding regulating hours by the State, I believe the chairman is Mr. Wilson ?—Yes.

7518. Does the society that he represents endorse regulation of working hours by the State ?—I could not tell you.

7519. Do you know if the textile works do; Mr. Mawdsley being one of the Parliamentary Committee ?—Really I have not asked for his opinion on the subject.

7520. No, not Mr. Mawdsley's opinion, I mean that of the society ?—No, I cannot say, I really could not answer that question.

7521. May I ask then, what you, as a representative trades unionist and as now representing the Parliamentary Committee, wish to accomplish by trades unionism as an ultimate ?—My personal opinion would be that the ultimate object of trades unionism would be to get fair conditions of labour, reasonable hours, fair working conditions, and fair remuneration for labour.

7522. Would you care to express that even in more definite terms ?—I think that generally covers it all. If you get the best possible conditions, I do not see what more you can want.

The witnesses withdrew.

Mr. HENRY VIVIAN called and examined.

Duke of *Devonshire.*

7523. We must try and finish your evidence this afternoon if possible. As to some of these answers in your paper we may find that it will be equally convenient that they should be put in and printed in the proceedings as statements handed in by you ?—As you wish. I should be pleased to supply anything further.

7524. Yes, but instead of reading them all out, I think some of them may be put in ?—Very well.

7525. You are the secretary of the Labour Association for promoting co-operative production ?—Yes, my Lord.

7526. Would you state what is the nature of the Labour Association ?—The Labour Association is the representative of that party in the co-operative movement which seeks to establish workshops in which the workers share in profits and participate in the management, as opposed to the workshops called "co-operative," which are organisations of stores employing wage-paid labour, and the mills called "co-operative," which are merely organisations of small capitalists hiring labour on ordinary competitive terms. It is purely a propagandist body.

Duke of *Devonshire*—continued.

7527. How is the association constituted ?—Of about 30 productive societies, established on the basis of co-partnership, which subscribe *pro ratâ* per annum to its funds. It has also about 200 individual subscribing members. A list of those will be seen in the appendix to my summary of evidence (*see Appendix* CXXVIII.).

7528. What is the distinctive character of the evidence you wish to offer ?—There is a great conflict of opinion inside the co-operative movement upon the question of the *status* of the

Duke of *Devonshire*—continued.

worker employed in production, and the central official body, naturally desirous of minimising this conflict, omits to show separately in its returns the results of the three classes of workshops, although those three classes are essentially distinct and even antagonistic. We wish to show the actual results of our co-partnership workshops apart from joint stock or consumers' workshops. We also wish to show the results distinct from those of merely profit sharing firms, which do not completely embody our distinctive principle.

7529. You speak of a central official body of the co-operative movement?—Yes.

7530. You do not represent that, I understand?—I am not representing the Central Co-operative Board. The Central Co-operative Board is that body which represents the whole of the co-operative movement, chiefly stores and consumers' associations.

7531. Are the productive societies of which you have spoken represented on the central body?—Some of them belong to the central body and some of them do not.

7532. What is your distinctive principle?—It is the principle of a representative government.

7533. The distinctive principle of your association?—No, I speak of the distinctive principle which we advocate. It is the principle of representative government introduced into the workshops. We hold this will be the ultimate evolution in the world of industry, as it has been in the world of politics. The expectation of this evolution has been held by advanced political economists, certainly since Mill gave it expression. We can show evidence that it is now past the infant stages of failure.

7534. You admit that in its infant stages it was a failure?—Yes; as the store movement in its early days passed through a period of many failures, so we think every similar movement must do. Only in this way can men and organisations, with the necessary special education, be formed. We have now passed through the worst of this period, and failures are much fewer. Every kind of progress in the country, more particularly that of general education, facilitates the growth of societies upon our lines.

7535. Do you wish to give any details as to the allegations of failure?—The allegation of failure is based partly upon public recollection of a few conspicuous failures in the past of schemes, more or less in our direction, like that of Messrs. Briggs' colliery in Yorkshire. It is also based partly upon the published figures of the total number of failures of industrial societies which have been registered for productive operations. We can show that the successes of recent years disprove the ideas based upon early failures. And we particularly wish to show how the totals of failures have been swollen in returns for the Registrar of Friendly Societies, and those of the Co-operative Union, by mixing up all kinds of productive societies.

7536. Are there any details you wish to give?—Yes. In 1883, just before the formation of our association, the English Wholesale Co-operative Society (which is opposed to our principle) published in their annual a long list of 224 alleged failures of co-operative productive societies which had been registered from 1850 to 1880. Mr. Edward Owen Greening (our present treasurer) obtained permission from Mr. J. M. Ludlow (the then Registrar of Friendly Societies) to examine the rules and constitution of all these alleged failures. The following were the results of the analysis:—Only 24 of these so-called co-operative failures had been co-partnership workshops giving a definite share of profits to labour; 2 or 3 others established some philanthropic or educational fund for their workers, but did not go beyond this; 44 had been consumers' workshops, that is, stores employing labour for mere wages. All the rest were merely joint stock concerns registered as industrial societies for reasons of economy—to escape stamp and other charges. I should also like to say there, that previous to 1862 our societies really had no protection or very little protection. Then, of course, the principle of limited liability was introduced, and, previous to 1852, no protection whatever was afforded them. The property of the society was really the property of the member as well if he cared to run away with it; but after 1852 they could sue and be sued.

7537. What recent successes do you point to?—The successes are various.

7538. You have got a list to hand in—List A.?—A list at the end of my summary (*see Appendix* CXXIX.).

7539. Just describe what List A. is?—The list A., in the summary, you will see, is a list of societies that were in existence at the time in 1883, the year before the establishment of our association. These figures are extracted from the annual return published by the Central Co-operative Board. The number of societies then in existence, quoting from that report, was 15, the number of members 2,557.

7540. Is that a list of co-operative productive societies?—Yes, based upon our principle. The annual business was 160,000*l.* in round figures, the capital 103,000*l.*, the profits 9,000*l.*, the loss 114*l.*, being a net profit of nearly 9,000*l.*

7541. That was in 1883, was it?—In 1883. The following are totals, for the purpose of comparison, of a carefully compiled list of co-partnership societies in full work. Appendix B. gives the full details of the societies, the number of societies being 47 (*see Appendix* CXXX.). There is a slight error there in my paper. It is 47 instead of 46.* The members number 11,000, the annual business 666,000*l.*, capital 326,000*l.*, profits over 37,000*l.*, losses 295*l.*, being a net profit of 37,000*l.* I wish to point out that whilst the number of societies has only increased threefold, their members have increased four and a half and their profits fourfold, thus showing that the old societies have strengthened themselves considerably.

* This error has been rectified in the Appendix.—G.D.

Duke of *Devonshire*—continued.

7542. Do you claim that these are societies entirely based on the principle that you have described?—Yes.

7543. That is co-operative productive societies managed by the working men themselves?—Yes, societies in which the workers share in the profits and management. Their constitutions vary very considerably, but the whole of those societies admit our principle, and the principle is put into practice more or less, in some cases being completely managed by the workers, in other cases more or less so. In some cases the management of a society would be entirely in the hands of a committee elected from the body of workers working in the factory or workshop, and in other cases only three would be on the management committee out of about a dozen.

7544–5. What are the number of workmen employed in these trades?—We find the number of workers employed by our societies on co-partnership terms now at work to be 3,653. We cannot give the comparative figures for 1883, as the Central Co-operative Board did not collect them, but we have no doubt the increase has kept pace with the other figures. We desire to point out that the list of societies given for 1883 is not quite complete, as we have found there were other societies in existence at the time, but not included in the central board figures (*see Appendix* CXXIX.). Those omitted were mostly young societies, and even our latest figures do not include the figures for some of the youngest societies; so that we do not think this affects the comparison.

7546. But the total which you gave shows that it is not even now being carried on on a very large scale?—Considering the time that these kinds of associations have had protection from the law, and also, of course, the great difficulty of organising in the past, that is not so. A high standard of intelligence amongst the working classes is necessary, and, of course, as education advances, as it is now doing, we look forward to a very general increase in the number of societies.*

7547. I think you wish to state a typical case of the organisation and constitution of one of the societies?—That of the Leicester Boot Society may be taken as typical. It is registered under the Industrial and Provident Societies Act of 1876, with limited liability. Its shares are 1*l.* each (*details respecting number of shares handed in*). The general meeting of shareholders elects a committee, consisting of the president, secretary, and 12 committee men, who direct the society's affairs. They also have three sub-committees to deal with minor matters. The committee appoints departmental managers; these managers can suspend a worker, but not discharge; the sub-committee may continue suspension, but the general committee alone can discharge, and even then there is an appeal to arbitration. The following figures give the net profit made, after paying 5 per cent. on capital, and method of dividing the same. I would like to point out, with regard to the committee, that although their rule does not state that the committee shall be elected from the workers, as a matter of fact in that society the whole of the committee were from the factory a short time since, but that the president, who is now engaged in co-operative work, is the only man now, I think, that is really doing business outside.

7548. You say the total profit is 5,200*l.*; is that since the beginning?—That is from the beginning of the society. You will see below the date of its establishment, and there is shown its progress.

7549. From 1887 to the present year, is it?—Yes.

7550. That profit has been divided how?—As follows:—Credited to workers, 1,874*l.*, being 40 per cent. of the profit made; customers, 937*l.*, being 20 per cent.; officers and committee, 562*l.*, being 12 per cent.; provident fund, 468*l.*, being 10 per cent.; capital in addition to 5 per cent., 468*l.*, being 10 per cent. of the net profit (this has brought the interest on capital up to over 8 per cent. since the establishment); reserve fund, 348*l.*; education, 234*l.*, being 5 per cent.; special service fund, 140*l.* being 3 per cent.; propagandist and charitable agencies, 102*l.*; other purposes, 67*l.* I would like to point out, with regard to this method of dividing the profit, that there is an attempt here to conciliate all the interests, as you will see, the interest of capital, of custom, as well as that of workers, which has, of course, been very successful in increasing the trade of the society; and I should like to point out also that the workers' share of the profit is capitalised, according to rule, till it has reached 5*l.*, and it is not allowed to be drawn.

7551. It is not given to them in the shape of an annual bonus?—Not in the shape of cash, and I believe the workers themselves have unanimously been in favour of raising it to 20*l.*, as the amount of capital required to run a big factory is steadily increasing, owing to the great increase in the use of machinery, and the workers recognise that, and therefore they are prepared now to raise it. As a matter of fact the workers themselves have far more than 5*l.* on the average in the concern. A member may hold 100 shares.

7552. Do you put in some figures showing the progress of the Society?—Yes, we wish to draw attention to the remarkable progress of the society.

* In his Summary of Evidence the Witness adds the following note:—

"We would also draw the attention of the Commission to the great progress of our principles on the Continent, and would like to specially mention the notable establishment, the Familistere, at Guise, where our principle has been put to the fullest test, with splendid results. It is an iron foundry, employing over 1,500 workpeople who manage the concern, and own the whole of the capital employed amounting to 184,000*l.* I shall be pleased to give full particulars concerning this establishment should the Commission think it desirable. (See Appendix CXXXVII. for further particulars.) We have not taken into account the *employés* of the Scottish Wholesale Society, as the rules which admit the workers to participate in management have only recently been passed, but this would increase the total by over 3,000."—G.D.

Duke of *Devonshire*—continued.

7553. It is hardly worth our reading the figures if you would hand them in?—Very well.*

7554. In what other trades are your societies engaged?—There are 11 textile industries, 10 in the leather industries, 12 in metal industries, and 14 in various trades, such as building, farming, cabinet making, tailoring, &c. These societies are spread over the whole of England and Scotland. According to the proof which your Lordship has, there are 9 mentioned as being in leather industries, but there is one I have added since, it is the Leather Dressers' Society, and it is an indication of how the societies are now beginning to work one with the other. We have of course several boot and shoe societies that are very successful. The Leather Dressers' Society is now supplying them with the leather that they require. It has been three-quarters of a year working, and has been very successful indeed, and we look forward to the development of this Society. (*Details of the history of some of the societies given; see Appendix* CXXXI.)

7555. In the event of the eventual success of this system, what do you claim for it?—First, and chiefly, an almost complete solution of the existing conflict between capital and labour evidenced in strikes and lock-outs. Also a better knowledge on industrial matters. We have circularised all our workshops, and can only hear of two strikes occurring amongst them for 25 years. The first was a small and brief dispute between two sections of workers in the Paisley (Shawl, &c.) Manufacturing Society. The dispute had nothing to do with wages or hours of labour. It was a case of men objecting to female employment. The other was in April 1890, at the Eccles Manufacturing Society, where a cessation of work occurred for a fortnight. This society, though it acknowledged our principle, had in fact paid no bonus to labour since 1885, though it had meanwhile paid 5 and 7½ per cent. per annum to capital.

7556. How would the Society acknowledge your principle if it had paid no bonus to labour?—It had paid previously a small bonus, but what we mean by acknowledging our principle is that on the rules the regulation still stands. We are now hoping to inquire into the matter and find out how the Society is going on, and as to the reason why it has paid no bonus to labour, we cannot give a satisfactory answer at present. They have succeeded in paying 5 and 7½ per cent. to capital, but there has been nothing left, apparently, for labour. Of course there may be reasons which would justify the Society in that, and they would no doubt be able to give a satisfactory answer.

7557. Can you give any cases of strikes being averted by your system?—Yes, a remarkable case in point is that of the Agricultural and Horticultural Association at Deptford, employing about 125 persons. Some of these were waterside labourers at the time of the dock strike. Men in other works of the kind all struck. Men of the same class in all the neighbouring wharves struck. The workers in the "One and All" works of this association worked all through. Although the new Dockers' Union came to Deptford and interviewed them they did not require them to cease work. The saving to the *employés* was about 100*l.* a week, and to the association more than 300*l.* per month. This includes nothing for the indirect damage which would have been incurred. These men are, of course, working upon our principle.

7558. What is the Agricultural and Horticultural Association. You say some of them are waterside labourers——(Mr. *Livesey.*) Is it to crush seed?—It manufactures all kinds of feeding stuffs, and manures, and stuff of that character for farming purposes.

7559. Would you explain how the members of your Agricultural and Horticultural Association, who I understand make the feeding stuffs, are waterside labourers. You say "a remarkable "case in point is that of the Agricultural and "Horticultural Association at Deptford employing about 125 persons." Some of these were waterside labourers at the time of the dock strike?—Yes, some of the *employés* were waterside labourers. The Association, which consists of 3,000 farming members, has considerable wharves beside their mills, and the labourers have to do the waterside work in connection with the Association.

7560. They are your own dock labourers?—Yes, they are our own dock labourers.

7561. Do strikes occur in co-operative workshops which are not based on co-partnerships, between capital and labour?—Yes. Strikes have been frequent and extensive in one of the largest workshops established by the co-operative stores, where the workers are not permitted to share in the profits and management. We can give some details. In the case of the joint stock mills, established with co-operative and working class capital, the companies side with the private masters and take part in the lock-outs occurring in the cotton trade, including that now taking place. I have details concerning some of the strikes if necessary (*handing in the same; see Appendix* CXXXII.)

7562. In fact I understand your statement to mean that some of the workshops which have been established by the Co-operative Wholesale Society are worskhops exactly like any others?—Yes.

7563. Exactly on the same principle?—The same principle.

* These figures are as follows:—

Year.	Members.	Capital.	Reserve.	Trade.	Profit.
		£	£	£	£
1887 -	220	420	20	2,800	230
1888	304	1,420	81	8,600	544
1889 - -	578	3,480	173	13,674	1,092
1890	708	4,371	184	19,730	712
1891	737	4,776	250	25,134	927
1892	846	6,666	348	33,000	1,695

—G. D.

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7564. Only for the benefit of the Co-operative Society ?—The co-operative stores. The whole of their profits are divided amongst the co-operative stores.

7565. And on the principle of distribution of profits which you consume ?—Yes ; you will see in the appendix the working out of that principle, which perhaps puts it more clearly than one can possibly put it in words (*see Appendix* CXXXIII.).

7566. Is your system appreciated by the workmen ?—Where they understand it they clearly prefer co-partnership to fixed wage only. A striking illustration is shown at Leicester where two co-operative boot and shoe works exist, one established by the Wholesale Society, a federation of consumers paying wages merely, the other established on our system. Notwithstanding that the wholesale works have the advantage of capital, organised custom, &c., about 200 men have left there to go to our Leicester Co-operative Boot and Shoe (Co-partnerships) Works, and only one is known to have gone back. This society has 200 outside members, who are only waiting to be taken on as soon as a vacancy occurs. Our societies agree that the system is attractive to workers. This is shown also by the Walsall Padlock Society's case. They began in 1872 in a very small way, and have now attracted to themselves so many workers that they claim to do two thirds of the whole padlock trade of the country. The well known pottery business of Brownfield and Sons has just been converted into a society on our lines, and the workers so greatly appreciate the change that more than half of them have already taken shares. That is in the last month.

7567. You claim that you can secure the best workmen by your system ?—We find that to be the case whenever one of our workshops attains a position promising security to its *employés*. But of course, good workmen will not, as a rule, leave a regular position to take work with a society whose continuance is doubtful. I should also like to point out that as to the difficulty which we endeavoured to solve on the question of wages, it is not only on the question of wages that the workers have complained, what the workman really desires is some feeling of independence, a feeling which cannot be secured under a wage system, but which can be secured, we believe, by our system.

7568. Have you had any difficulties with trades unions ?—On the contrary, most of our societies have trades unionists on their committee of management, and make a point of supporting the union of their trade. Some of our societies are called in by unions to help to settle the proper basis of wage lists, &c. in the trade. I would draw attention to the Walsall Padlock Society, which has frequently done this, and assisted workers outside the union in raising wages. That is, of course, a very sweated industry. The Society affords a source of knowledge to the other workers in the trade, as at any time they can go and consult the management committee of the Padlock Society, and they can get the facts as to the price of articles, and so on, and know whether it is wise to strike or wise to accept a reduction, and whether a profit is being made in the trade, and so on. It is a general source of knowledge to other men in the trade, and it also affords a place where victims of trade disputes can be employed. As a matter of fact this society, which is now so powerful, was the result of a trade dispute.

7569. Which society ?—The Padlock Society. The employers in the town of Walsall declined to take 12 men on, they being leaders in the dispute, and these men being out were compelled to get work somehow, and the result was that they started the Society, which has succeeded now in taking two-thirds of the trade. Such societies include the Chain and Bit Societies, and although they are weak and small, I have it from the secretary of the trades union, that this Society keeps the wages up 10 or 12 per cent., and that if the Society were to close its doors the wages would undoubtedly go down. The employers having in mind this Society, which was so successful, did not care to cause trouble, and perhaps the formation of an institution which would be capable of keeping wages up.

7570. Do you think the system promotes ecenomy in the workshops ?—Very distinctly. The following are answers we have received from societies upon this point :—The secretary of the Leicester Boot Society says, "Yes, a careless "workman is reminded by his shopmates when "not cutting strictly to best advantage." He also says that, "workmen frequently call the "foreman's attention to work when scamped "and detection difficult." Lye Sheet Iron Works' Society state that many of the workers, knowing they will be benefited themselves by their carefulness, do all they can to save. The Paisley Manufacturing Society state they find in their weaving department a great saving of waste material effected. The Nottingham Co-operative Tailors say the remark is often heard in the shop, "We can't turn a thing out like that," if work does not look nice. The workers themselves like to see it nice, and like to alter anything to make it satisfactory. I would point out with regard to the Nottingham Tailors' Society, that although quite young they have been very successful in securing municipal work, such as the making of garments for the police, and waterworks clothing, and they give every satisfaction. In the case of the Lye Street Ironworks' Society, that was also the result of a strike, and with regard to that the men look upon this society very largely as a place where their wages and their interests are well looked after, and as a protection against employers who otherwise would be inclined to reduce wages.

7571. Can you give any figures in support of your statements ? — We append a table of actual results from the workbooks of the Oilcake Mill at Deptford, where a continuous increase of production is shown without corresponding increase in wages, repairs, and other charges (*see Appendix* CXXXIV.). Each worker has increased

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his own earnings per week, as shown in Table I., (*See Appendix* CXXXV.), but in consequence of zeal and punctuality, and mutuality in work, and also of improvements in machinery and processes suggested by the men themselves, the total wages per ton are diminished. Taking the whole of our societies together, we rely upon the hight rate of profit made as evidence of economy in production. Table I. will give you full particulars with regard to that.

7572. The Oilcake Mill at Deptford is what you previously referred to as the Agricultural and Horticultural Association, is it not?—That is so; the figures were taken out some two years ago for another purpose, and I have not asked for them to be taken out again, but they are quite satisfactory for this purpose. I have ascertained that the progress made by societies on our basis has continued to be kept up.

7573. Is there also an improvement in the quality of the work?—A very marked improvement. Our association has promoted an annual exhibition of the productions of our workshops at the Crystal Palace, every August, for the last few years. We have collected the opinions of experts, who agree that the quality of the work shown is very high, and is improving. The only qualification is that some of the work lacks finish, which might be naturally expected in the present stage of our movement.

7574. Now as to the effect on the character of the workmen, what do you say?—All our societies are agreed that the effect is very remarkable in the development of temperate, provident, and other good habits. We hand in reports (*handing in the same; see Appendix* CXXXVI.)upon this point from one of our British Societies, but we call especial attention to the case of the celebrated French house of Leclaire. Just before its establishment the city of Paris officially published a report on the character of the various classes of Parisian workers. The class of house painters (employed by Leclaire) were described as "drunkards and very careless." In 1830 these men worked 11 hours a day for 3*s.* 2*d.*, and only 300 out of the whole trade belonged to any benefit society. Now a case of serious offence of any kind is scarcely ever known in Leclaire's. The average earnings of the house painters (wage and profits) have been raised to about 2*l.* per week, and a recent report stated, "We have had no case of drunkenness for several years."

7575. Does co-partnership stimulate self-education?—In the Hebden Bridge Fustian Works the workers have been foremost in the district in establishing University Extension Lectures. At the great co-operative foundries of M. Godin, at Guise (*see Appendix* CXXXVII.), the most advanced classes in technical education are held and well attended. Our system, by giving to the workers the results of self-improvement, makes them ready to welcome technical education. To give my own experience as a workman, I say that it is the general complaint of workers when technical education

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is suggested to them, "What is the use of it, "seeing that capitalists or other people run "away with the results of technical education." I do not admit that it is true altogether, but at the same time that opinion prevails largely amongst workmen, and when I was younger than I am now, I was discouraged by men in my own trade from going to classes for that purpose.

Mr. *Livesey.*

7576. What was your trade?—A joiner. They used the argument that it was no use because I should never get the benefit of it, and that the capitalist would get the benefit of it, so I take it that our system will ensure that the capitalist will not get the whole benefit of technical education, because it will go to advance the society's interests in which a man is engaged, and consequently it will advance his own interest, and it would naturally cause him to take a better view of technical education.

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7577. You assert that the system economises capital?—There seems no doubt that as the system develops larger results are obtained with less proportionate outlay of capital. In our 15 societies, established in 1883, a share capital of 73,000*l.*, yielded 8,917*l.* of profit, or over 12 per cent. In our most recent return 183,056*l.* share capital yields 37,600*l.* profit, or about 20 per cent. A selection of those societies which have overcome their early difficulties will show the probability of a much higher average result being eventually attained on the capital necessary to work the business.

7578. That last answer suggests that the profits on capital are very high, does it not?—Yes.

Mr. *Livesey.*

7579. Does capital get it all?—No, the interest on capital is usually limited to 5 per cent.; in some cases it is restricted to that, and in some cases capital shares in the profit beyond 5 per cent.

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7580. I do not understand that capital gets all, capital gets only a small part of it, the assertion being that the net profits to the extent of 20 per cent. have been made on capital?—In Appendix B. you will see figures concerning each society, and the profit made, and the total capital, and how the profit is divided (*see Appendix* CXXX.).

7581. What suggestions do you wish to make to the Commission on that?—I would suggest that the co-partnership of the worker in profits, and eventually in management, might fairly be insisted upon in all cases where the Government or municipality grant monopolies or exclusive privileges to joint stock companies. The gas companies were put upon a footing of profit-sharing between capital and custom by Parliament. It worked well, and recently the

Duke of *Devonshire*—continued.

South Metropolitan Gas Company have voluntarily set the example of admitting their workers as a third party to participate in results. There is no reason why this should not be extended to other gas companies, to railways, canals, trams, dock trusts, &c.

7582. Do you know whether the principle has ever been adopted on railways, for instance?—Not in this country. There are some instances, I think, abroad, but I am not fully acquainted with the facts.

7583. In other countries it is adopted?—In other countries, but very few instances, I believe. In the construction of railways in Italy there are co-operative organisations which undertake the labour portion of the work.

7584. What do you wish to say in respect of State and municipal workshops?—We are satisfied that the right of the actual worker in these to a voice in the management and a share in results will have to be recognised, if the stereotyping of wages and conditions of employment are to be avoided in the future, and struggles between the community and its workers are to be escaped. Strikes do now occur in municipal docks, gasworks, &c., as they do in private concerns.

7585. Are you in favour of co-partnership societies being recognised in giving out public contracts?—The city of Paris has already set a precedent in this respect. Preference is given there to contractors who embody the co-partnership system in their works. We would ask only for a preference when other conditions are fairly equal upon balance. We do not suggest that the public should lose by employing co-operators, but as the public good is advanced by our system, and a larger number of the community is benefited, a fair preference is justifiable. In some cases, we think, great good would result from the division of public contracts into two parts, material and labour, the material being furnished by the authorities, and the work being carried on co-operatively by the workers.

7586. What else can be done?—We would suggest that the large funds of the ancient guilds which were intended to advance the interests of the crafts, might be, to some extent, used to assist mutual societies of working men in developing technical instruction. We would also suggest that the limitations which prevent trades unions investing their funds in co-operative production should be relaxed.

7587. What are those limitations?—It is difficult to say exactly what are the limitations, but trades unions are not allowed as such to invest their money in co-operative production, that is, in the shape of capital. I am not sure with regard to the exact position of the law, but I know that trades unions labour under that difficulty.

7588. Are there any special privileges that you ask?—We may mention that the French Senate has recently resolved to limit the privileges attaching to registered industrial societies to those who admit the principle of co-partnership. We do not go so far as to ask this from Parliament, but we certainly think a distinction should be clearly drawn in the Government returns between those societies which do and those which do not recognise the workers as partners in profits and management.

7589. Those registered industrial societies included are limited liability companies. You say that the French Senate has recently resolved to limit the privileges to registered industrial societies?—Yes.

7590. Does that include all limited liability?—Not all limited liability.

7591. But limited liability industrial it includes?—Yes.

7592. You do not ask that, you only ask that a distinction should be drawn in the returns?—In the returns, so that the public may see the difference. They are now all put together, joint stock companies that merely get into the Industrial Acts in order to escape stamp and other charges, and also the Consumers' Association and our association are all mixed up together, and it is, of course, difficult to distinguish which is which.

7593. What is your ultimate aim?—Whilst not holding any hard and fast theory on this point we look forward to the more general establishment of labour association or co-partnership workshops, believing that those societies engaged in the same industries, whilst retaining a large measure of autonomy, will associate for common purposes so as to prevent injurious competition, and that the whole of the societies will form a loose federation to undertake work in the interests of the whole movement. I may say that a federation has already been formed, and about 20 societies have joined. I would like to point out the difficulties in the past of marketing the goods of those societies which to a very large extent has been the cause of the slower progress than otherwise that would have taken place. It has caused many failures. Societies have usually had little difficulty in manufacturing, but much more in selling their manufactures. This has arisen partly from their want of commercial knowledge, but more from the co-operative market being largely supplied by the Co-operative Wholesale Society, while in the outside market the word "co-operative" has been a great hindrance. Most ordinary traders would almost turn out of their shop a traveller who came to sell co-operative goods. A first rate cloth manufacturer who some years ago turned his business into a co-partnership found his cloth at once discarded by the West End tailors. These difficulties still exist to a considerable extent, but they are less serious. Our people are growing in commercial knowledge. There have always been many stores sympathising with the co-partnership principle who have bought of our societies, and this feeling, we think, grows, but as our societies

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grow they are more and more likely to reach the open market.

7594. Which is the largest and the most important of the societies in your List B. (*see Appendix* CXXX.)?—Possibly the Hebden Bridge would be one of the largest. Mr. Joseph Greenwood has already given considerable evidence concerning the society, and we have consequently omitted to say much about it in our list in order not to repeat the evidence.

7595. What is the third on the list, is that the Agricultural Association?—That is the Deptford concern.

7596. Has the capital required to start these societies in the first instance been generally provided out of workmen's savings, or have you been able to get capital from other sources?—The histories of the societies vary. In some cases the workmen themselves found a small amount of the capital required. For instance, with reference to the Leicester Boot and Shoe Society, the men themselves during a trade dispute started a society, and managed to raise about 200*l.* amongst themselves and their friends, and their capital has now grown to 6,666*l.* Consumers and friends of Co-operation have since come in. In the case of the Padlock Society at Walsall 83*l.* was raised, and that amounts now to nearly 3,000*l.* worth of capital. Some societies had at the commencement obtained it from the consumers, as in the case of the Paisley Manufacturing Society, and in that case the consumers claim a large amount of control, but in others it is the workers who control. The Padlock and Sheet Iron Societies and such like are purely producers' societies, and the Paisley Society is partly one and partly the other.

7597. It is not necessary that the profits should be divided exclusively between capital and labour?—No.

7598. The consumers may also in some cases claim a share of profits?—Yes. We endeavour, as far as possible, to share the results amongst the three—consumer, producer, and capital—according to the extent to which they contribute towards the result. In the case of the Padlock Society, of course, the consumers contribute nothing in one sense, in the sense that they do not organise at all. The Society's markets are scattered all over the world, in South Africa, America, and India. But of course where the consumer organises so as to place at the disposal of the producer, a steady market. He contributes towards the results in the producer's factory, and is entitled to share to that extent.

7599. You do not anticipate, I presume, that the movement will advance except by slow degrees?—We admit the advance will be slow, but it will be more rapid than in the past, we think.

7600. But would you desire, if possible, to attempt to start a very large business, such as a great cotton mill or a great iron works, on this principle? You would have to borrow the capital from somewhere?—Yes. I would call your Lordship's

Duke of *Devonshire*—continued.

attention to the Burnley Self-Help Cotton Spinning Manufacturing Society, which is now very successful. It was registered in 1886, and deserves special attention for two reasons: first, because of the fact that the workers guarantee the interest on capital out of their wages; secondly, they have since 1889 themselves agreed to a fixed manager for 10 years. The workers paid two half-years' losses, amounting to 10 per cent. of their wages earned during the previous six months in each case; and on another occasion losses amounting to 16½ per cent. on the wages earned in the previous quarter. Since 1889 the Society has greatly improved its financial position, and, besides wiping off all previous losses, has placed to reserve fund over 1,000*l.*, and has paid a share of profit to workers and customers. The society employs 200 workpeople. Those workpeople hold two-thirds of the capital in that mill, the other third being owned by outsiders; they guarantee the outsiders a share, that is voluntarily, there is no rule to that effect.

Mr. *Courtney.*

7601. We had the officers of that society before us, had not we?—No, I think not.

7602. They were before Committee C.* They came to great grief, it was said, and then they determined to take on this man for a term of years, and that set them on their legs again?—Yes, I was not aware that it had been before the Commission.

Duke of *Devonshire.*

7603. The Burnley Self-Help Cotton Spinning Manufacturing Society is the one of which you have been speaking, is it?—Yes.

7604. I see in your return the share and loan capital is put down at 6,993*l.*?—Yes.

7605. As compared with other large industrial undertakings, that is a very small capital, is it not?—It would be a small capital, I should say, for that class of business.

7606. The question I want to direct your attention to is whether you consider it probable you will be able to obtain from any source the capital necessary for starting large works on a great scale which were intended to be managed upon this principle?—Yes, that has been a question that has been under discussion in the movement for some considerable number of years, and I believe that through the productive federation, that is, a federation of the whole of these societies, something of that character will be done in the shape of starting a bank to finance such societies by some guarantee principle, in order to guarantee outside stock, loan, or debenture, their capital, to borrow capital at a small rate of interest, the whole of the productive societies combining to guarantee those

* Evidence concerning this Society was given by Mr. Joshua Rawlinson in questions 2562–8, Minutes of Evidence, Vol. I., Group C. The Rules, &c., are printed as Appendix 4, see pp. 477–89, of the same Volume.—G.D.

Duke of *Devonshire*—continued.

outside stock-holders their interest and also the capital.

7607. In an ordinary joint stock company the shareholders and people who find the capital appoint directors, and the directors manage the business, do they not?—Yes.

7608. In one of these undertakings the people finding the capital will have nothing to do with the management?—Not necessarily. As I have said, the constitution varies. If the capital is at all found by outsiders, these outsiders claim a large share in the management.

7609. And they might have a right to appoint directors?—Would have a right, and in some cases they appoint two-thirds or three-fourths of the directors, and the other third or fourth represents the workers.

7610. All you require is that the principle of sharing profits amongst the workmen should be adopted and recognised?—Yes, and as far as possible we endeavour to get the societies to compulsorily capitalise the share of profit accruing to workers, in order that the workers' interest in the concern shall grow. In some cases the proportion of capital is considerable, owing to that rule being adopted, and the workers have grown gradually, so that they have controlled the society. That is so in the Hebden Bridge Society.

Mr. *Livesey.*

7611. There is one question I wish to put. You have answered the Chairman about capital pretty exhaustively, and my mind runs in the same direction, but I find here that you have about 60 societies or associations, with 4,000 workers. That, of course, is a very small proportion of the total work done in the country?—Yes.

7612. And I suppose, even with your bank that you propose establishing, you do not expect that you will do anything more than the smallest fraction of the whole work of the country?—Of course, it is difficult to say how fast the principle will grow with education. I should say it would grow much more rapidly than it has grown in the past. We would welcome the adoption of the principle, and we believe the principle will be more and more adopted by private employers, as has been done in several cases.

7613. Then if you get private employers and capitalists and employers of the country generally to adopt your principle, you think there would be a very great extension of it?—We believe so.

7614. Is that the direction in which you are working now?—Yes, that is the direction.

7615. You said something about the workers in question 24 in your draft. You suggest that the co-partnership of the worker in profits, and eventually in management, might fairly be insisted upon. Is not there some difficulty about the workers having a share in the management?—There is some difficulty in large undertakings, or

Mr. *Livesey*—continued.

there would be some difficulties, but I think those difficulties could be got over the same as they have been got over in other concerns. We have various instances under various circumstances where the principle has been applied with very great success.

7616. Take the Deptford case, with which you are probably familiar. Have the workers any share in the management there?—They are at liberty to take shares.

7617. That is, as shareholders?—Yes.

7618. Not as workers?—Not as workers. The principle of the workers being represented as workers should be considered on another ground. If you allow the workers to take shares, I think there is no reason why they should be represented as workers if they are shareholders, and on this ground there is no need for them to be further represented, but if that were not so, I should strongly defend the principle of allowing them to get some share in it.

7619. Are there not practical difficulties in it?—Suppose it is a concern with very large capital, the workers cannot within any reasonable time have any appreciable share of the capital—say, a concern with half a million of capital—the workers could not become possessed of more than a few thousands?—Of course, it would depend upon the basis on which you drafted your scheme, but at Godin's, at Guise, where the capital is nearly 200,000*l.*, and there are resources, of course, above that, they make it a much larger amount. The workers have become in 12 years the owners, controllers, and managers of the capital simply by the adoption of our principle.

(*Mr. Courtney here took the chair.*)

Mr. *Courtney.*

7620. They have not got all the capital beneficially. Do not they owe a lot of money?—No.

7621. Has not Madame Godin still got a great claim on that in respect of the capital of her husband?—No; the whole of the outside shareholders were paid out a month or six weeks since.

7622. Including the widow?—Yes. M. Barnardot, who was over at the Crystal Palace in August, gave me to understand the small remaining sum—it was very small indeed—which was owned by outside people, would be paid off shortly, and it has been paid off since, I understand.

7623. A large sum was owing to her a short time ago?—That is true.

Mr. *Livesey.*

7624. It is not practicable generally that the workers should have any great share in the capital within any reasonable time, and then if that is so, unless workers as workers are to have a share in the management, they will have no voice in the management?—True. I should

Mr. *Livesey*—continued.

support that in a case where the workers could not possibly get any share in the management by owning the capital, I should support their having a share in the management, as workers having a voice in the matter. I think it is advantageous that the workers should be called into council in all these matters. Many disputes that take place are very often owing to ignorance on both sides. Continual discussion by the two sections, the employer and the employed, frequently taking place would often settle these difficulties as they crop up without their reaching any very serious head.

7625. Then, I take it, that supposing the workers have the power to become possessed of a certain share in the business, even a small share, you would like the workers at any rate to have a share in the management ?—Yes.

7626. And the workers who are to participate in the management ought to be those who have taken shares ?—Yes, we think so.

7627. If it is open to them to take shares, you would say that those who are to participate in the management shall be those who have shown their confidence in the concern by taking shares ?—Yes. I would call attention to the principle being adopted on a large system by the Scottish Wholesale Society. Mr. Maxwell represented the Scottish Wholesale Society here some time since, and since that time this Society has adopted our principle as to the workers, and the workers are at liberty to take shares and help in the government of the concern. There is one delegate for every 150 shareholders.

7628. Only the shareholders ?—Only the shareholders.

7629. The workers who do not take shares do not take any share in the management ?—No.

7630. Now one point on the feelings of workmen towards profit-sharing. There was a case some little while ago in which Peto's, the builders, made an offer, and the unions refused it ; do you know anything about it As you are a joiner, perhaps you know something about it ?—Yes, I am very well acquainted with the case. The men rejected the scheme, and a manifesto was issued by the men's union, and that manifesto was not worded to my satisfaction, because in nearly every case I, as a workman, should welcome the profit-sharing scheme on reasonable lines, but giving my own personal opinion I was opposed at the time, and also as an official, to that manifesto being issued.

7631. Do you think they made a mistake in refusing it ?—In my personal opinion I think they did make a mistake. I should have endeavoured to make something out of it, but of course it is difficult to get a large number of men to thoroughly understand within a few weeks a principle of that character. Hitherto, they have simply relied upon their fighting force, namely, trades unions, to protect their interests, and men that have been fighting for years and years can hardly be expected, I think, to grasp suddenly the principle of doing things on a peaceful basis, but I think more and more that workers will recognise it.

7632. You think, probably, they were actuated by a little feeling of suspicion as to the *bonâ fides* of their employers ?—It is chiefly suspicion, and in some cases the men are justified. Attempts are made at introducing it for the purpose of smashing up the union, and, of course, some of the employers have very bad names, for instance Briggs, in the great colliery experiment, was noted for his opposition to the unions, and endeavoured to smash them.

7633. But Briggs' scheme succeeded admirably for a number of years ?—It succeeded as long as the workmen were getting an enormous share of the profits, but they did not understand it.

7634. The feeling of the workmen is due, to some extent, to suspicion ?—Yes.

7635. And sometimes the suspicions are well grounded ?—Yes.

7636. But if they had a thorough understanding of the matter they would be more disposed to adopt it, would not they ?—Yes.

7637. Now, you have said here, over and over again in your evidence, that the effect of it is to produce better work. You believe thoroughly that where the workers have that interest in the profits they are more likely to do their best than where they have simply fixed wages ?—Yes, that is so ; I think we are fully justified in making that statement by the results in our workshops. I do not think that in any of our workshops you will find any of the men attempting to produce anything shoddy. As I have said, it might lack finish, but the whole of the articles are thoroughly genuine.

7638. Do you think they would make most of their time ?—Yes, I think the results are quite sufficient to show that.

7639. Then you are a believer in the working man doing his best ?—Yes, but I believe also in making it to his interest to do his best. I believe in making honesty pay.

7640. But when it is to his interest to do his best, and when he does his best, you think that that is best for the community ?—Yes.

Mr. *Trow.*

7641. You made a remark with reference to the investment of trades union funds ?—Yes.

7642. You wanted it to be so that they could invest in co-operation. Are you aware that there is no restriction whatever in regard to the investment of trades union funds ?—I am not aware of it, or of course we should not have made the suggestion.

7643. The only restriction laid down in any of the Trades Union Acts is that the rules shall state in what manner the funds are to be invested ?—Yes, but I would also point out that it seems to me that it is a question of what is an investment.

7644. Nothing of the kind. If the union decides to invest its surplus funds in any bonds

Mr. *Trow*—continued.

or mortgages, or anything else, there is no restriction in the Trades Union Acts?—I have the statute somewhere, but I have looked over that, and could not myself, in conjunction with others, find where the restriction was, except that it was upon the word investment.

7645. I suppose you are aware that the Cotton Operative Spinners Society invests in Manchester bonds, stocks, and local stocks—municipal stocks,—and that the railway servants invest their money in railways, and that other societies invest theirs in the way they get the highest interest, and that there is no question whatever about it?—It seems to me that if that is so, the matter should be soon cleared up, but Mr. Neale, who, we take it, should know more about the working of industrial societies than perhaps any other man, one might say, gave it as his opinion that the trades unions were not at liberty to take share capital, but only loan capital, and many of them do. With regard to investing in railways, perhaps the judges would consider that a safe investment, but it is not in the nature of a speculation.

7646. But the judges cannot go outside of the law, and the law states that the rules shall define how their funds are to be invested, and if the rules so define it, there is an end of it?—Then you think it turns on the rules of the trades unions?

7647. That is all the law says?—If that is so, of course there is no need for alteration.

Professor *Marshall.*

7648. In reference to question 7533, I suppose you would not mean that all those who desire your societies to succeed would be quite prepared to say that the representative method of government will become universal. Is it not rather that the representative method of government ought to take its part in with other methods of government in any society?—I should say that the answer to that question would turn upon the question of what we really call representative government, but I should say that in some shape or form representative government will become universal.

7649. At present, however, your dissatisfaction with the predominant forms of co-operative production is that the direct representative method of government is practically tabooed?—That is so.

7650. And all you require at the present stage is that it should be allowed a fair opportunity to show whether it can hold its own?—That is so.

7651. As regards the selection of businesses that should be undertaken on this method, I suppose you have formed views as to the character of businesses which are best suited for *bonâ fide* co-operative production?—The purely producers' associations, do you refer to?

7652. Yes?—We draw no hard and fast line, but there are of course limits to that method of production, we take it, and of course as time

Professor *Marshall*—continued.

goes on, one would be able to see better, but it would be difficult to draw a line at any given time, because as time changes, circumstances change, and one's ideas must necessarily change, and what might appear right now, might appear 25 years hence not to be right, or to be managed by some other form of vote.

7653. In the great rolling mills, for instance, the amount of capital per head is so great that working men would not be expected to own any great part of it; but that would not be an argument against co-operative production in other societies?—No.

7654. There is plenty of room for it in other directions, you think?—Yes, and even there I think the principle could be recognised with advantage where the capital is large. The workers' share of government in the concern should be allowed.

7655. You stated that where capital was small you thought the worker might be contented with that share in the government which he got from owning shares?—I do not quite understand that question.

7656. I thought you said that it was not necessary to give to the worker, as a worker, a share in the management in such cases. You did not think it was necessary that the worker as a worker should have a share in the management, where it was possible for him to take a perceptible quantity of the share capital, and therefore to get a share in the management through his ownership of the capital?—Yes, that is right.

7657. But where the total capital was very large, you think it would be necessary to represent the worker as a worker?—Yes.

7658. Could not the two principles be combined by saying that he should always have his share in the management through his share in the capital, but that where the total capital was large, the worker's share entitling him to vote should be less than entitles anybody else to vote?—My answer to Mr. Livesey's question before was of this character, that where the governing body, that would be the council or managing directors of any association, felt that it would be dangerous, or could not see their way to allow the workers to have a share or shares in their concern, I thought it would be wise to admit the workers to a share in the management, but if it be at all possible in any concern to allow the workers to take capital, then I should say allow them to share in the management through that capital, because they also have responsibility, and of course responsibility, and management would go well together.

7659. Even where the total capital was large, so that his capital would be only a fraction of the whole, you say he should have a share in the management as an owner of part of the capital, but that the share that was required to give the worker a vote should be less than that required to give anybody else a vote?—No doubt something of that character should be

Professor *Marshall*—continued.

drawn up where the capital was very large indeed, but of course I am chiefly interested in our societies where there are 1*l.* shares, and therefore a man holding his 1*l.* share would be entitled to a vote and if he had 200*l.* he would not be allowed to take more.

Mr. *Livesey.*

7660–1. In a joint stock company the management is in the hands of a board of directors, and there is also a fixed qualification for a director. Sometimes he must have 1,000*l.* in the concern, and sometimes more, and if you were to admit the workers to the board of directors you would have to put a lower qualification in their case than in the case of the ordinary shareholder—that is, I think, what you mean, Professor Marshall ?

Professor *Marshall.*

That is a subsidiary point, but it is not my main point, my main point was this. (*To the Witness.*) You think that it is not advisable that the worker who does not care to connect himself with the business, and is not willing to subscribe anything at all to the capital, should have a vote as a worker; and you think it advisable that all the workers should be encouraged to take a certain share ?—That is so.

7662. But where the aggregate capital is very large, say 1,000,000*l.*, the amount of control which the workers could get through that share of capital which they could hold would be infinitesimal, is that so ?—That is so.

7663. But you could work out your principle, you think, even in business of this sort, if it were arranged that the holding of 500*l.* shares was required to give any ordinary person a vote, yet a worker might have a vote by only holding 10*l.* ?—Yes; I see your point.

7664. Do you say that with regard to all the societies in your list (*see Appendix* CXXX.); in each one of them there is some actual worker on the managing body ?—There are a few societies where the workers have no representative upon the management committee. But I would point out that they now have in some cases the power to do so. In the case of Hebden Bridge (perhaps it was not clearly brought out by Mr. Greenwood) there is a case where an attempt was made by the consumers, some years since, to prevent the workers sharing the profit; but, owing to the action of Mr. Neale and some other friends, they succeeded in securing a share of the profits for the workers, although very small, and that is so worked out that the share of capital, being capitalised, the workers could at any time now call a general meeting and alter any rules of the society. It has so worked out that the workers have practically got control of the concern, although they have as yet made no attempt to put one of their representatives as such on the committee, but they could do so at any time.

7665. Just now you spoke of the rule of what I may call "one man one vote," that all those who had power of voting at all voted in terms of equality, is that a general rule in these societies ?—It is a general rule in the societies, and, of course, the Act prevents them taking more than 200*l.* I believe the Act says that there shall be only one vote for each shareholder, in fact, I am pretty sure that this is so. I have the Act here with me, but I am pretty sure, without looking it up, that it is so. In every case the worker or shareholder has only one vote, whether he holds 1*l.* share or 200*l.**

7666. You think that is a safe rule ?—I think so, it has worked out very well indeed.

7667. No practical difficulty has occurred ?—Not any practical difficulty.

7668. You told us a little about the difficulties of marketing ?—Yes.

7669. I am not quite sure whether you told us all you wished to say on that subject ?—The difficulties of marketing in the past have been very very great indeed, for two or three reasons. I think I mentioned the Co-operative Wholesale, that being an organisation of consumers, they naturally desired to support their own workshops, and those workshops are being established in various trades. When some of these started, at first, and in some cases now when they start, they look for their support to the co-operative movement, and a co-operative wholesale being the official trade body of the co-operative movement, and being somewhat antagonistic to our principles, it is very often difficult for our shops to get a footing in the co-operative movement. Some of the societies make a dash for it, and, as in the case of the Eagle Brand Society, where they have gone into the market with the same men and same class of goods, they have done splendidly, jumping in a few years up to 33,000*l.* from 1,000*l.*, and they are now prepared to do 40,000*l.* this year. They are going in for it, and they are fighting an wholesale, and do not ask them to support them in any way. The wholesale has not, in fact, given them an order from the day they started.

7670. Do I gather that your interpretation of the history of the slow progress of what you may call the genuine co-operative production is to a very large extent to be explained by the difficulties of marketing, which would have been great in any case, but which have been artificially increased by the competition branches of the wholesale ?—That is so, They very greatly increased the difficulties also with regard to the outside market. I have had some experience with regard to the outside market, and I know instances where travellers for co-operative concerns have been really ordered outside the door because it is a co-operative society, and in some cases co-operative societies have dropped the word co-operative and simply called themselves the manufacturing society,

* In letters dated October 3 and 11, 1893, the Witness stated that on this point he was misinformed, and suggested that for the evidence commencing "I believe the Act," down to "share or 200*l.*," the following information should be substituted:—"The one man one vote principle is provided for in the model "rules for an Industrial and Provident Society, and these rules "are used by nearly all co-operative societies."—G. D.

Professor *Marshall*—continued.

so-and-so. We are endeavouring to remedy that, and the societies have jointly established themselves in London in places where the public can secure their goods. There is a permanent exhibition of goods, as it were; there the goods are on sale. There has also been formed a co-operative federation to undertake the work of marketing for the federated societies, and this, when it gets more fully to work, should be of immense service. Then, again, to reach the general shopping public, a depôt has been established in Bloomsbury for the sale of the products of the various co-partnership societies, and this is gradually opening up a market among the 5,000,000 of Londoners. Of the societies at present trading in the market the Padlock Society does business entirely in the open market, and the Sheet Iron Society and the Burnley Society do about four-fifths of their business in the open market, and the Hebden Bridge Society deal largely in the open market, and the Co-operative Builders Society is entirely in the open market. The Alcester Needle Society do the whole of their business in the open market; and the Edinburgh Printing Society is a case in which they formerly worked for the Co-operative trade where the Wholesale supported them they have been driven into the open market, but they do not suffer in consequence, they do good work, and, as an instance of the quality of the work, I may say the manager was appointed referee in the recent Edinburgh Exhibition. The society at Eccles, and the Bromsgrove Nail Society, and the Sheffield Tailors' and Bookbinders' Society do so largely, and there are a dozen societies altogether that deal largely in the outside market, some of them exclusively. The majority of societies hitherto have not turned their attention much to the open market, but have endeavoured to find a market in the co-operative market, but they found it a difficult matter. Through their federation, which they are now forming, they will go into the open market much more, and we also are hopeful of opening up a foreign trade for some of the societies.

7671. Has it been the case in the past that many productive societies would have got on well with the marketing of their goods if it had not been for what you state, and that it was the difficulty of getting their goods quickly marketed that caused them to break up?—There are other difficulties, for instance, the antagonism of the masters. Now, in the case of the society at Wolverhampton, that chiefly fell through owing to the antagonism of the masters. The masters endeavoured to sell much below the cost of production for some time, but the men survived through it. Mr. J. S. Mill sent them 10*l.*, and several other friends sent them money, and afterwards they got a very large part of it in their hands. Also in the sweated trades the masters are very much down on the societies. In the case of the Sheet Iron Society and the Chain Society, and also the Bit Society, and there are some other cases in which the promoters of them were discharged by private employers for taking a shilling or a pound share in the concern, and in some cases they were discharged upon suspicion. I have some letters from some of them in Walsall who were discharged by their employers for taking a share in a concern, and some of them upon suspicion. The employer would come up to their bench and tell them straight that if he saw them going to any meetings or have anything to do with the productive societies, they must expect to be discharged, and many were discharged. That has compelled them to seek refuge in the society. Some of the men made an extra spurt, and in some cases the societies have succeeded, as in the case of the Padlock Society and the Sheet Iron and Bit Society, and the Chain Society in Walsall, will succeed presently; while some, such as the Padlock Society, have resulted in raising the conditions of trade to a very large extent. In the case of the Padlock Society they have now centralised the industry, which was in a very bad condition previously to their formation, the work being chiefly done in the homes. The Co-operative Society has led the way, and has built a large factory, which is the finest factory in the neighbourhood, and they are now centralising the trade, so that out of 200 men only 20 are now engaged in working at home; the others are engaged in working under good conditions, and the rate of wages, the secretary of the trades union informs me, is 10 per cent. above the rate which the other masters are paying, and their profit has for the last 10 years amounted to some 10 per cent. of their wages over that, so that they represent 20 per cent. above that paid by outside masters.

7672. You stated that co-partnership gives the workers the results of self-improvement and technical education. You spoke with reference to their sharing profits?—Yes.

7673. But has not it an equally strong bearing in regard to their share in the management. I mean that if a man has simply got to do what he is told he may not be able to turn his technical education to much account?—That is very true indeed.

7674. And surely sharing in the management of the works in which the workers are themselves employed is a very great inducement to them to exert themselves to get technical education?—I should say that is so.

7675. And it is to this side more than to the side of the extra money-making that you would look for development?—Yes. I could not say which would be the strongest side, but they are two very powerful and important elements. And, of course, they would both lead in the same direction. The man who studies very largely would, of course, like to be in a position to put the result of his studies into practice.

7676. Perhaps I do not make myself quite clear. If a man is simply a worker, and has no share in the management, then his own technical education is of no good to him, excepting as that which enables him individually to do his own work better?—Of course, it would improve the profits of the concern if the workers, on the average, were

Professor *Marshall*—continued.

better educated than in any other neighbouring factory.

7677. Yes. But the profits of the concern would not be raised by his acquiring knowledge which he could not turn into account in his own immediate work?—I do not quite see the point. It seems to me, even in the question of sharing in the profits, it would be to the advantage of the individual to improve the firm's method of production in every shape or form, and he would reap the benefit of it. We have instances of workers, in some cases labouring men, improving the methods of production and machinery, the sub-committees suggesting to the head committee and to the managers what could be done in a given direction, and great improvements have taken place in consequence. Especially is that so in one of our societies, owing to the suggestion of the workers themselves, because they know what they are doing, and what they wish to suggest is clearly pointed out by them, and they are trained to understand their work. The effect of that upon their profit has been in one case remarkable. (*See Appendix* CXXXV.) That is chiefly due to the workers' improvements.

7678. What I mean is that technical education may be regarded now as of two kinds, that which enables the individual to do his own particular work better, and that which enables him to form a better opinion as to how the whole business should be transacted, the technical education, in the narrower sense, only being of use to him if he had no share in the management. Is not that so?—That is so.

7679. And, therefore, the technical education, in the broader sense, that which tended to make him use his mind in the larger problems of business, would be turned to account only if he had a share in the management?—That is so. I was using technical education in a narrow sense.

7680. But, surely, the other is quite as important, is not it?—Yes, I should say so in the way you have put it now.

7681. And if we were to work towards a state of society in which the division between the upper and the lower classes, between those who do and those who do not use their minds, should be removed, it might be through the development of co-operative production?—We believe so. We believe that much will be done in that direction.

7682. Therefore, it has a much more important bearing on the future of society than the mere question of making the money?—I think myself that the money question is a secondary question. It is not merely a question of wages. It is a question of improving the individual as an individual and as a workman. I look upon the question of wages as being secondary. After a man has got sufficient to keep him in what one may term suitable comfort and the necessities of life, he does not think so much then of wages as of the evils which he suffers under such as being driven and sweated and bullied, and things of that character. Also, a man desires independence, and it is only by this method that he can get it, under our principle there is room for that development of feeling of independence which, to my mind, is inherent in human nature. Every man desires and should have scope for his abilities, and under the method of competition which obtains, under our present system, he has no room to display those abilities in any shape or form whereas, under our method, I do not think there is faculty that is worth preserving which he would not be able to develop in some shape or form to the advantage of himself, of his fellow-workers, and to the advantage of the community.

7683. Then with regard to your practical suggestions, has it occurred to you that one of the functions of the Labour Department might be to make suggestions and to consider how far it would be practicable for public bodies to break up the contracts that they give out into two classes, those that did require a great deal of capital and those that did not, so that as many as possible of small contracts might be given out which could be taken up by bodies of working men?—We have not considered as to whose special duty it has to do with. We have made the suggestion, but no doubt the Labour Department, which you are thinking of forming or extending, would do this work and would make suggestions upon that question.

7684. Has it not been rather the case that this matter of breaking up contracts has in England, at least, not had the attention that its importance and difficulty require?—I think so. There are many bodies of workers which we cannot for many years expect to see controlling and owning capital, such as labourers and navvies and people of that character, who could, I believe, do work upon a co-operative basis, such as is being done in Italy, where associations of workers undertake the construction of railways, or rather the clearing away of stuff for railways, and things of that character. There is a large association there now which has undertaken work to the extent of over 500,000*l*. They place 40 per cent. at a profit to reserve, 20 per cent. to pension fund, and 40 per cent. is given out to the workers in cash, and the results of that association have been very satisfactory indeed, and it is extending all over Italy. The association has become very large.

Mr. *Gerald Balfour.*

7685. I have only one question. I want to know if any of your societies have endeavoured systematically to deal with the difficulties arising from fluctuations in trade?—Yes.

7686. With what result?—I have made inquiries in our society as to how they go on, and they usually reduce hours of labour. In the case of the Boot Society, at Leicester, I made special inquiries concerning that, because the distress at that time, two or three months ago, when I was down at Leicester was very great in the boot and shoe industry, many of the men walking about the streets of Leicester. I inquired of the Boot and Shoe Union whether it had discharged any hands, and they replied that they had not discharged a man from the place, and

Mr. *Gerald Balfour*—continued.

that when work was slack they usually knocked off half a day a week and shared what there was amongst them, and that has been done with good results, and no harm has come to the society through it. But as to the extent to which it could be carried, of course, it is difficult to say. That has also been done in other societies. In the Padlock Society it has been done. The work that there is to do is shared amongst the workers that are in the society, and they endeavour as far as possible not to discharge any hands. Of course, in the case of the consumers' societies and in the case of private firms the hands are discharged as a rule. I believe that much could be done to remedy the evils arising from the fluctuations of trade by the principles which some societies carry out being applied more largely to other industries by capitalists and workers. The shelving of the evil upon 5 or 10 per cent. of the workers, is to my mind a gross injustice, because that is all it is, and our societies will presently show, I think, to what extent the dividing of work that there is to do amongst the workers can be

Mr. *Gerald Balfour*—continued.

carried out. That is with regard to the fluctuation of trades.

7687. During the period of exceptional prosperity would your societies think it their duty always to employ more hands, or would they allow the existing hands under certain circumstances to work overtime?—Of course they take on the hands as far as they think they are justified in doing so. If it was a special piece of work which was only likely to last two or three days, I take it they would not take on hands. They would work a little overtime, but as far as possible they do without overtime, and employ as many hands as possible.

7688. Your object being to avoid dismissing hands when trade is bad, it would be prudent on your part not to inflate your numbers too largely when trade was good?—That is true, because the point requires watching a bit, and requires very careful management, so as not to take on hands that would require to be discharged next week. But our societies manage that very satisfactorily indeed, and with good results.

The witness withdrew.

Adjourned to to-morrow at 11 o'clock.

SIXTEENTH DAY.

Commission Room, Westminster Hall, Friday, 27th January 1893.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. LEONARD H. COURTNEY, M.P.
Mr. DAVID DALE (Chairman of Group A.).
Mr. M. AUSTIN, M.P.
Professor MARSHALL.
Mr. J. C. BOLTON.
Mr. T. H. ISMAY.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Sir THOMAS HENRY FARRER, Bart., called and examined.

Duke of *Devonshire*.

7689. I believe you were formerly permanent secretary to the Board of Trade?—I was. Would your Grace allow me, before giving my evidence, to say, in the first place, that I was not a volunteer, that I have come on the invitation of the Commission, and that even then I was loth to come until certain proceedings of the London County Council came to my knowledge which I thought, as they invited me, it would be only right to put before the Commission; that since then the Commission have been good enough to send to me the evidence of Mr. Tom Mann and of Mr. Sidney Webb; and that I am prepared in the first place to give in evidence the facts which are contained in my printed memorandum (*see Appendix*), and in the second place to make a few general observations on the evidence of Mr. Mann and Mr. Webb.

7690. You are at present a member of the County Council?—I am; an alderman.

7691. You are prepared to give some evidence to the Commission on the action of the Council with respect to the payment of labour?—Yes.

7692. Will you state the first resolution of the Council on which you desire to comment?—On the 21st October 1890 the Council resolved: "That as regards the *employés* attached to the "asylums, schools, parks, fire brigade, main "drainage stations, and other places where "continuous service is absolutely necessary, the "details and hours of service shall be arranged "so as to afford a reasonable relief from "Sunday labour." There was an amendment to the effect: "That a previous report should be "obtained from the committees concerned as to "the practicability and extra expense of giving "one day's rest in seven, with power to make "alternative suggestions."

7693. But that was rejected?—That was rejected, and the resolution I have read was passed.

Duke of *Devonshire*—continued.

7694. I understand you to state that that resolution was adopted without any previous report on the consequences which it would involve?—That is so.

7695. What was the next resolution of the Council on the subject?—It was a resolution passed on the 5th of May 1891. The Council then, on the report of the Parks Committee, shortened the hours of their *employés* and increased their wages, making the wages of gardeners 27*s.* a week for 48 hours in the three winter months, and 28*s.* for 54 hours a week in the remaining nine months, with 6¾*d.* an hour for overtime when required. They also made the wages of ordinary park constables 24*s.* a week for 48 hours in the three winter months, and 54 hours a week in the nine other months, with overtime at 6*d.* an hour, and a uniform valued at 5*l.* 10*s.* a year. The Council also increased the park labourers' wages by a sum estimated as about 514*l.* a year.

7696. That action was founded upon a report of a committee?—It was founded upon a report of a committee, and that report estimated that the expense of labour necessary to make up the overtime at 1,800*l.* a year, and they expressed their opinion that the increase of wages previously mentioned would make up to the men for the loss of Sunday pay.

7697. Was any opposition offered to that resolution?—Yes, a motion was made to refer it back for further consideration, but the motion was rejected and the report was adopted.

7698. What was the next resolution?—There was an intermediate proposal that all these men should be paid not less than 6*d.* an hour, but it was ruled out of order, and a resolution was carried that it be referred to the Parks Committee to bring up a report on the subject.

7699. Has the Council received any report upon the effect of these resolutions?—A report was made on the 20th of May 1892 which I

Duke of *Devonshire*—continued.

think the Council received some time afterwards. The report was made by the architect under whose department this parks business was managed. In that report he stated that a great deal of extra labour had been employed to make up for overtime reduced, but that there was still a good deal of overtime; and he estimated that the cost of labour necessary to make up for overtime and Sunday work would be 3,564*l.* in lieu of the 1,800*l.* which had been originally estimated by the committee, and that the additional cost involved in making the rate of pay of all labourers and constables 6*d.* an hour would be 1,568*l.* Then in addition to that there was a report from the clerk to the Council, who had under him certain other persons employed upon open spaces, that the increased cost of paying caretakers of disused burial grounds and constables on open spaces 6*d.* an hour would amount to 594*l.*, making, with the 1,568*l.* for constables and labourers in the parks, 2,162*l.* So that, adding this to the 3,564*l.* increase for extra labour to make up for overtime, there was an aggregate addition to the cost of the most ordinary kind of labour in the parks caused by the abolition of overtime and the adoption of a rate of wages not less than 6*d.* an hour, of 5,726*l.* or nearly 6,000*l.* a year; and this is in addition to whatever sum was added to the wages of existing labourers by the resolution of the 5th May 1891—the previous resolution which I read.

7700. Have you any estimate of what addition that involved?—Nothing beyond what I have given you. On the 5th of May 1891 the committee estimated that the sum necessary to pay for more labour to make up for the overtime would be 1,800*l.* a year, and expressed their opinion that the increase of wages which they had proposed in that resolution—I cannot tell what that actually amounted to—the increase of wages which they had then recommended would make up to the existing men for the loss of Sunday labour and other overtime.

Mr. *Dale.*

7701. I suppose we may understand that the 1,890*l.* a year is in excess of that which had before been paid, taking into account in the former payment the overtime itself?—Quite so.

7702. So that the ultimate 3,564*l.* took the place of the 1,800*l.*?—Having no complete report upon this I cannot tell you what the old men received for that overtime; but the committee estimated that the increase of wages which they were then making would compensate them for the loss of that.

7703. But the new labour bill as compared with the old labour bill, which old labour bill included overtime—— ?—Yes.

7704. Would be so much in excess?—Quite so.

Duke of *Devonshire.*

7705. What was the next step?—The next step concerns a matter small in amount but rather important in principle. The Metropolitan Gardens Association—Lord Meath's Association—had been perpetually acquiring small open spaces which they maintained out of their limited funds. In 1890 it was determined, after much debate and with great difference of opinion, that all those small spaces which the parishes would not maintain should be taken over by the London County Council. It was argued, and I think on the whole generally admitted, that the parishes ought to take them over, they being small local affairs; but a great many of the parishes would not do so; and Lord Meath's Association stated that they were unable to maintain them; and, as the best thing that could be done under the circumstances, the London Council determined to take them over and maintain them. Of course the funds of Lord Meath's Association were limited, and the men employed upon these spaces very often had very little to do; they were persons, in fact, employed principally to see that no mischief was done and to keep order. Lord Meath's Association paid men, I believe old pensioners often, or people who had other means of living, wages varying from 12*s.* to 22*s.* per week. On the 14th of October 1892 the report of the Parks Committee stated, without giving any reasons, that if the Council should determine to take over these places permanently, "it would be necessary to increase "the amount allowed for maintenance, which was "based in 1890 on wages varying from 12*s.* to "22*s.* a week, or that all able-bodied men may "receive 24*s.* a week"; and they recommended therefore that this should be done until 31st October 1894; thus increasing the expenditure on these spaces from 900*l.* to 1,400*l.* a year. I think it is to be observed on that, that though this step was alleged to be necessary, there was no report whatever showing what that necessity was, and I am not aware of any report of the Council showing the necessity for paying 6*d.* an hour to all able-bodied men.

7706. Those men were not fully employed, were they?—The Chairman himself stated in the Council in my hearing that some of the men employed in the spaces had not enough to do.

Mr. *Courtney.*

7707. Would they all be properly described as able-bodied?—That I am unable to tell you, but I should think it extremely doubtful.

Duke of *Devonshire.*

7708. That report was considered?—Yes. I do not think that I need go into the questions of order and of time, but it was necessary, as the old arrangement was coming to an end, to get it settled on one particular day. There was no time for discussion. It was stated that if this was not done that day the whole thing would fall. It came on late in the evening, and consequently there was no opportunity for full discussion upon it. The Council adopted it—I think many of them reluctantly, but they shortened the period from two years to one.

Duke of *Devonshire*—continued.

7709. That, you say, is a small matter, but it involved an expense of some hundreds a year?—Yes, it is a small matter in amount, but it is a very important matter as involving the principle that you are to pay this 6*d.* an hour to men without reference to the nature or to the value of the work.

Mr. *Courtney.*

7710. And without reference, would you add, to the capacity for work?—Without reference to the capacity for work. I think in Mr. Sidney Webb's evidence there is something that throws a little light upon that—question 3780: "I may say that the London County Council "has come to the conclusion that 24*s.* per week "for adult workers in London is the moral "minimum wage, and we do not pay anyone "less than that, without reference to what "services they perform, on the ground that we "should be adding to the destitution and "pauperism of London if we paid anyone lower "than that." Now, I never heard that stated in the Council, but I find it in Mr. Sidney Webb's evidence.

Duke of *Devonshire.*

7711. Although that may not have been stated in the Council, that appears to have been the principle on which they have acted?—I think so.

7712. Has the Council taken any further step in the direction of the increase of wages?—Yes; but I should like to point out that it has always been intended by the Council that whenever there was a new Bill for London Government, the parishes or local authorities should be bound to undertake these spaces; and of course it will add to the difficulty of thus transferring them if they are burdened with highly paid caretakers.

7713. Those are the disused burial grounds?—The disused burial grounds.

Mr. *Courtney.*

7714. There are other spaces besides burial grounds?—Yes, a number of miscellaneous small spaces.

Duke of *Devonshire.*

7715. Then what was the next step?—On the 8th July 1892 the Parks Committee made a report in which, without any complete report of the facts, without calling attention to the great and unexpected increase of expense caused by their previous recommendations, and without reference to the report of the architect, they simply recommended the Council to pay each labourer, gate-keeper, and day constable in their employ 6*d.* an hour, with half-pay during sickness, and full pay during seven days leave each year; and this they said would cause an additional expenditure of about 1,828*l.* a year. The report was withdrawn on the 19th July on a point of order, but was again brought forward on the 15th November 1892 without any further explanation, without any reference to the circumstances mentioned in this memorandum (*see Appendix* CXXXVIII.), which I may mention had then been sent round to the Council, and without any reason for the proposed increase of payment. It was nevertheless adopted by the Council.

Duke of *Devonshire*—continued.

7716. And is in force now?—And is in force now.

7717. Can you sum up the results of the action of the Council?—The result in ordinary overtime and Sunday work, and adopting a minimum rate of 6*d.* an hour, is to add between 5,000*l.* and 6,000*l.* a year to the labour bill of the council besides the further additions made to the wages of the regular staff labourers by the resolution of the 5th May 1891, of the actual amount of which we are not informed. I believe that is the result. I wish we had had from the Parks Committee a complete report, and then I should not have had to pick these figures out as I best could from a number of scattered reports and documents. But I believe that is accurate—nobody has found fault with it.

7718. Are there any accounts of the Council published which will show clearly the additional expense involved?—Yes, it would show what the whole expense of the Parks Department was for maintaining the parks, but I do not think that it would show what the additional expense caused by these particular alterations would be.

7719. The accounts must show an increasing cost in the maintenance of the parks and open spaces?—They must show that. It is a small matter in the huge funds that the Council spend, but it is a matter of principle, and one has to look at the expense with reference not to the whole expenses of the Council, but to the expenses of this particular staff. Now, as a matter of fact, I believe the aggregate pay of the whole staff of the parks, including the central staff, superior officers, gardeners, and constables, and men and boys temporarily employed, is about 48,000*l.* a year. It is not of course the whole of that which is affected, but it is the wages of ordinary gardeners and constables; the aggregate of that is between 24,000*l.* and 25,000*l.* a year, and of that sum 6,000*l.*, which is the addition I have mentioned, is nearly one-fourth. That is so far as the money result is concerned. What I wish to point out is, that the effect of this change is not to get any more work done; and this bears upon some of the questions that you have had before you. It is not to get any more work done, but it is to get the same work done by a larger number of labourers, the extra labourers having to be paid the full wages, and the previously existing labourers having to be compensated, and compensated very largely, for the overtime of which they have been deprived.

7720. Have these steps given satisfaction to the men?—So far as I have any information they have not. The architect's report, which I referred to before, says: "The new regulations "have not given satisfaction to the Council's "*employés.* In fact, from reports made to me "by the superintendents, it is quite certain that "the men prefer the old system of longer hours "and more pay, and that they more especially

Duke of *Devonshire*—continued.

"object to standing off duty"—that is something which was given by way of compensation—"as a "compensation for working on Saturday afternoons and Sundays, which system has become "compulsory in order to comply with the rule "that men shall not work more than six days "in seven." Then in addition to that it appears that there has been a Trades Union formed of the labourers of the Council, and a petition was presented to the Council headed, "United London "County Council Employees Labour Union for "Gardeners, Park-keepers, and Labourers," in which the petitioners, after stating themselves to be the employees in the parks, gardens, and open spaces, make the following demands, namely: "That the working hours per week, viz., 48 "in winter and 54 in the rest of the year, should "remain as at present. That holidays should "remain as at present, but should not be "shortened on account of overtime. That no "reduction in the rate of wages"—I do not know whether they mean the rate or the wages—"should be made in winter. That the rate "of wages should be—for propagators, 35*s.*; for "jobbing men, 35*s.*; for gangers, 33*s.*; and for "park-keepers and labourers, 30*s.*" The wages thus demanded for propagators, jobbing men, and gangers are considerably more than the increased wages as fixed in 1891, and the wages demanded for park-keepers and labourers are, taking the year round, considerably over 6*d.* an hour; so that the wages demanded by this Trades Union are larger than the wages which the Council have given. Then they also demand that the union men be engaged in preference to others, and they give references to the places where union men can be heard of. Then I see that that Trades Union has not stopped; they are still in motion and agitation. There is a passage I quote in my memorandum, which it is not necessary to read, from the "Pall Mall Gazette" of the 18th August, which shows that it was then going on; and there will be found in the "Times," which I have not with me—the "Times" in December last, I think it was—that they were still meeting and still agitating and hoping to bring about a union of all the employees of the council in a Trades Union.

7721. Has that petition from the Union been discussed in the Council?—No, and it is fair to say that I do not know to what extent these men may have been satisfied by such addition to their wages as may have been made by the 6*d.* a week which was given subsequent to that petition; it does not go as far as they wish to go, but it may have helped to satisfy them.

7722. It may be accepted as a compromise?—Yes.

Mr. *Courtney.*

7723. How much a week?—6*d.* an hour, with the times that are mentioned here.

Duke of *Devonshire.*

7724. Then do I understand that the process has been first to reduce the hours?—Very largely.

Duke of *Devonshire*—continued.

7725. Thereby in the first instance diminishing the wages?—Quite so.

7726. And then increasing the wages?—To compensate for the reduction of time.

7727. To compensate for the reduction of earnings?—Yes.

7728. And an additional number of men receiving higher rates of wages are required to do the same work as was formerly done?—Quite so; that was the upshot of the whole.

7729. Then can you give the Commission any information on the subject of the Council's action concerning contractors?—On the 27th May last a resolution proposed by Mr. Burns was adopted, to the effect "That all contractors be compelled "to sign a declaration that they pay the Trades "Union rates of wages and observe the hours of "labour and conditions recognised by the Trades "Unions in the place or places where the "contract is executed." As he proposed it it was "recognised by the London Trades Unions." Upon a motion by myself that was altered to "the Trades Unions in the place or places where the contract is executed." I will come to that point more fully presently; but the important point here with reference to this particular case of the park labourers is that, according to this resolution of Mr. Burns, as it was originally proposed, the Trades Unions are alone to settle the rate of wages; and it is very difficult to see why, if the Trades Unions are to settle the rate of wages for contractors, they are not also to settle the rate of wages for the London Council itself; and in fact it has been determined subsequently, as I shall show you presently, that that is to be the rule, and that where the Trades Union rate of wages is accepted that is to bind the Council when they do their own work as well as when they employ a contractor.

7730. Might not that resolution be understood to mean the rates of wages and hours and conditions of labour that had been accepted by the Trades Union after conference and discussion with the employers?—That is what we contended for in the Council. I think Mr. Burns distinctly did not mean that, for his principle was that the labourers were themselves to settle the price of their labour. But I will quite admit that that resolution may possibly bear that meaning. We shall come hereafter to what has been done with that resolution, and you will then see what has been done in the matter.

7731. That resolution, I understand, was referred to a committee?—Yes, and I shall come to that presently.

7732. You state that a committee have considered that?—Yes.

7733. You state that the committee have made a report?—They made a report. After six months they made a report, to which I shall come presently.

7734. I think you have now come to the paragraph beginning: "This committee have at last, in the month of December 1892——"?—Yes, I have; but there are several points to which I wish to call attention separate from this. I rather wish to complete this question of labourers

Duke of *Devonshire*—continued.

in the parks first and then to go to the general question.

7735. Very well. Have you to add anything to what you have stated on that point?—I wish to call your attention again to a point which was very strongly pressed by Mr. Æneas Smith in the debate on Mr. Burns' motion, that if you determine that you will require contractors to give, and that you will yourself give, a minimum wage, you will in the case of contractors make it absolutely necessary for them only to employ men who are competent to do a complete day's work, and you will, where you pay the men yourself, be in the dilemma of either dismissing men who are not competent to do a complete day's work, a good day's work, or of paying men whom you retain more than their work is worth. I have mentioned that here because it is so well illustrated by the case of Lord Meath's open spaces, where there was an inferior sort of work to be done, and where the Council have solved the difficulty by paying those men as if it were a complete day's work.

7736. That has taken place in the parks?—Yes, that has taken place in the open spaces.

7737. In the case of the men employed in the parks?—In the case of the men employed there. In the case of the contractor he would of course be unable, without forfeiting his profits, to pay full wages to any man who was not able to do a full day's work, and consequently it must result in the case of the contractor in his dismissing all men—old men, men half worn out—who are incapable of doing a complete day's work.

7738. Is not that the case to a certain extent wherever the Trades Unions can exercise much power?—I think it is.

7739. Have not they rules which enforce a certain rate of wages?—I think so.

7740. This resolution of the Council has given sanction to a rule which the Trades Unions enforce, as far as they can, everywhere themselves?—Quite so.

7741. This resolution was referred, I understand, to a committee called the Fair Wages Committee?—Yes, but I should like, before we go to that, to point out what the payment of 6*d.* an hour means. Now, as I said before I do not know, I cannot tell, as we have no report upon the subject, what the motives of the Council are in determining to pay the 6*d.* an hour beyond what I have quoted from Mr. Sidney Webb's evidence; but it is interesting to compare the above rates of wages with other wages given by public authorities in London. Sixpence an hour, or 27*s.* per week of 54 hours for nine months in the year, and 24*s.* per week of 48 hours for the remaining three, comes to 68*l.* 5*s.* a year. That is what is given to this lowest class of labour, and in addition there is for these men the possibility of overtime, seven days holidays, constant work (which is a considerable addition to wages). There will probably be—there is none at present—help towards superannuation, and in the case of constables a

Duke of *Devonshire*—continued.

dress valued at 5*l.* 10*s.* Now that is what the Council have determined to give to this inferior class of labour. Mr. Giffen, in his report on wages, gives as the average of yearly wages of workmen employed under local authorities in London, in Inner London (and of course this would be Inner London), 55*l.* a year, compared with the 68*l.* 5*s.* which the Council are giving; and in Outer London 53*l.* a year. Then he gives the weekly wages of the under-mentioned classes of labourers employed by local authorities in Inner London:—Carters 23*s.* 6*d.*, sweepers 19*s.* 2*d.*, road repairers 22*s.*, and general labourers 22*s.* 6*d.*; that compares with something like 27*s.* or 28*s.* a week given by the Council. Then the labourers in the London parks which are under the Central Government, the Imperial Government, receive from 21*s.* to 24*s.* a week. To make the pay of the workmen in the central parks 6*d.* an hour would be an addition of 6,000*l.* a year to the aggregate sum of 20,000*l.* now expended for that purpose out of the imperial taxes. That will be the case if the Government themselves are induced or compelled to follow the example of the London Council. Then at Kew the pay of the labourers is from 18*s.* to 20*s.* a week, and there is no difficulty in getting any number of good men. Of course there also would be a considerable addition there if the Council rates were adopted. But my principal point in this memorandum for the Council was that these facts ought to have been considered before they adopted the 6*d.* an hour rule; that, as a matter of fact, none of these facts were ever brought to our notice or in any way considered. I should like to point out how the case of Kew, I think, is rather an important case. At the present moment I believe there is an inquiry going on into the wages at Kew. The Richmond Council have adopted the same rate of wages as the London Council. At Kew there is consequently a great agitation for a similar increase. I do not know what, if that is adopted, it would amount to at Kew; but I want to point out what the effect would be on the surrounding labour. Kew is in the centre of a great district of market gardeners. These market gardeners, we must suppose, cannot, according to ordinary rules, afford to pay more than the ordinary market rate of wages, and the rate of wages at Kew has hitherto been regulated by the ordinary market rate. Now, supposing that the result of raising wages at Kew and at Richmond and in London should be to raise the rate of wages of the market gardeners, one of two things must happen: either the market gardeners would have to pay that rate of wages out of their profits—it is very improbable that they would be able to do that, considering the fierce competition that there is between the English market gardeners and the foreign gardeners; or, supposing they were not able to do that, the result would be that the industry would be suppressed and stifled altogether, and there would be so much lost to the labourers in and about London. I take that as a small illustration;

Duke of *Devonshire*—continued.

it is a small matter, but it is an illustration of what the effect is of giving something beyond the market rate to particular classes of labourers.

7742. You stated, I think, that the Richmond Council had adopted the London Council rate of wages ?—They have adopted the same, 6*d.* an hour, and I am told—I cannot vouch for the fact —that there was such a rush of labourers to Richmond in consequence that the Richmond Council have been obliged to determine only to employ Richmond men.

7743. Have you anything further to add on that subject, or would you desire to continue the historic point ?—Something similar occurred—I do not know that it is worth while to trouble the Commission with it—with respect to the pay of the fire brigade. That was in the former Council, and is mentioned in my memorandum (*see Appendix* CXXXVIII.). But I think I had better confine myself here to the facts I have stated; and at the same time say a few words more upon the general results of the course of action adopted by the Council. Of course the cost of living in London is higher than the cost of living in the country, but if you compare these wages, the 68*l.* 5*s.* a year, with the wages given to agricultural labourers in some parts of the country, who are now receiving 11*s.* or 12*s.* a week, the effect of that comparison is, that while you give the skilled farm labourer 11*s.* or 12*s.* a week, you give these men considerably more that twice that sum, and these men are not skilled. As regards garden labour, a head gardener is, of course, a skilled man, but for most of the men who work under him it is neither skilled labour nor hard labour.

7744. The 11*s.* or 12*s.* a week not being certain ?—Not being certain, not being constant.

7745. 11*s.* or 12*s.* a week when he is in work ? —When he is in work, and I should say that the all-round farm labourer was a much more valuable man to the community. He is skilled in dealing with animals; he is able to plough, to sow, to reap, to thatch, to hedge, to ditch—to do a number of things.

7746. And that compares with double the rate of wages ?—More than double the rate of wages; and of course, taking constant employment into consideration and other advantages, much more than double the rate of wages. Then that is not all, because it is not only the injustice to other labourers, but the evil to London. The great evil under which London suffers is that it is becoming the sink of the poorly paid labour of the country, and if the country labourer hears that men doing less good work than he can get twice or three times the amount of remuneration in London, it attracts him to London.

7747. Have you any reason to believe that up to the present time it has had or is having that effect ?—I could not tell, I was anxious to call attention to the principle when things are still small. It is a very small affair as yet.

7748. That is, in your opinion, the certain consequence ?—Yes.

7749. These—what you consider excessive—rates of wages will tend to attract the worse paid labour to London ?—I think so. I think it must have that effect.

7750. Has this action any effect upon other governing bodies in London ?—I cannot tell you. I happen to know that in St. George's Vestry when this action was being taken by the Council, there was a reference to the vestry to reconsider the whole of their wages, and they passed a resolution to the effect that they had recently settled wages and that they did not intend to alter them any further; but what other bodies are doing I cannot tell.

7751. I think you referred to the parks which are under the control of the Central Government; have any changes been made in thier rates of pay, do you know ?—As I told you, I know that there is a committee sitting to inquire into the Kew wages, and I think that Mr. Shaw-Lefevre is considering the wages in the parks, but what determination they have come to I do not know.

7752. You stated that you would go back, I think, to the action taken on Mr. Burns' resolution ?—I should like first of all to point out that this, though a very small thing in the beginning, is likely, if other matters are managed in the same way and on the same principles, to lead to something very serious indeed in the end. It is the ambition of the Council to get transferred to itself the management of very large undertakings in which a vast amount of labour is employed; for instance, the supply of water and of gas, the ownership and control of tramways, and possibly of other enterprises. In that case the cost of the labour employed in the parks will form a very insignificant fraction of the Council's labour bill. The economies which may be effected in transferring these undertakings to the council are no doubt large, but if in accepting the transfer the Council increase the labour bill to the same extent to which they are increasing it in the case of the parks the increase in the labour bill will soon outrun these economies. In Mr. Giffen's official analysis of the accounts fo the London Water Companies for 1890—and the water is one of the first things which is likely to be transferred—the amount expended in services, of which wages are a principal element was about 276,000*l.* a year. The labour thus paid for will, in case of purchase by the Council, have to be employed by them, probably with large additions. If the cost of it is increased in anything like the proportion in which the cost of labour in the parks has been increased, that increase will very soon eat up any saving which may be made by amalgamation of staffs and suppression of salaries and directors' fees. The case of gas is still more important. That again is a thing which, it is constantly said, ought to be transferred to the council. In that case the sum expended directly in wages, and so stated separately in the London companies' accounts, was 415,435*l.*; whilst the sum expended on services, in the cost of which wages are the principal element, was 625,658*l.*; and in coals, of which wages are also the principal element, 1,593,302*l.*, making altogether for the London

Duke of *Devonshire*—continued.

Gas Companies a labour bill of between two and three millions. Now, if that is to be transferred to the Council, and the Council are to go on the principle of accepting whatever wages are asked by the unions or in fact by the labourers, it will make a very great addition to the expenses of London.

7753. How do you make coals a part of the gas companies' labour bill?—I take that from Mr. Giffen's report. It is an endeavour to analyse what the proportion of the expenses of different things is that is due to labour, and he puts that. He says that coals depend almost entirely upon labour, and consequently that the cost of gas depends very largely upon the labour employed in getting coals. Well, the London Council if they had the gas, though ambitious about a great many things, would probably not get coals for themselves, and consequently the coal labour bill would be something independent of their direct labour bill. Still there is a great sympathy between labour in one place and labour in another, and it is extremely probable, looking to what they have done with contractors, that they would in contracting for coals, require the coal-owner to pay the colliers any rate of wages asked for by their trades unions.

7754. Besides gas and water there are other industries?—There are plenty of industries. Tramways it has been suggested they should take, and you know it has been suggested, it has been suggested even here that they should undertake all the dock business of London. Well, if anything of that sort were to come to pass, there is no knowing what their labour bill might be, and, if that labour bill is to be made out in the interest of the labour employed, and not in the interest of the whole of London, then, I think, it is impossible to say, supposing these principles are adopted, what the expenses of London on Government might not come to. I may say, that I know some persons who formerly felt very strongly that the water supply ought to be transferred to the London Council, have hesitated to support that course since seeing what the action of the London Council with regard to labour is; and I confess it has considerably damped my ardour in that matter, and made me more disposed to agree with Sir John Lubbock, who thought it would be better that the water should remain in the hands of the companies.

7755. I think you also made some remark upon the disposition on the part of the Council to under-pay the labour of superintendence?—There has always been a great difficulty in getting salaries for superior persons in the Council. It was a very amusing thing to hear Lord Lingen, the Chairman of the Finance Committee, fighting very hard for an increase of salary, and we have always had a great fight about proposals for increasing salaries. One of the things that Mr. Burns said which became notorious at an early period, was, that he did not see why anybody was worth more than 500*l.* a year. That is always a difficulty in the Council at present, but I am inclined to think that practice will get over that, and that they will find if they want to have their work well done that they must pay for brains. But it is always a fight. If a question of a charwoman's wages is raised, it is always thrown in our teeth that we are paying somebody or other 1,000*l.* a year or 1,500*l.* a year.

7756. You think in considering the question of the municipal employment of labour, that the disposition to under-pay brain work may become almost as important as the disposition to over-pay manual labour?—I do. I think that brain work is so important in the management of these large concerns that to under-pay it to get an inferior person, a bad man, in a situation of command, and a situation requiring high capacity, is an even greater waste than to over-pay the muscle labour.

7757. You go on now I think to the effect of the resolution affecting contractors?—Quite so. It is an interesting history that of the fair wages clause, especially with reference to what the Government are doing. On the 5th of March 1889, the late Council adopted the policy of a fair wages clause by passing the following resolution:—"That the Council shall "require from any person, or firm tendering "for any contract with the Council, a declaration "that they pay such rates of wages, and "observe such hours of labour as are generally "accepted as fair in their trade, and that in "the event of any charges to the contrary "being established against them, their tender "shall not be accepted." It was found that this clause raised so many doubts and questions, that good and careful contractors were unwilling to tender for the Council's contracts, and this was one strong reason for adopting the motion of Mr. Burns with respect to Trades Union wages, which I have already quoted. The Council amended Mr. Burns' original resolution, by making it extend to country Trades Union rates as well as London Trades Union rates. Originally he wished it to be London Trades Union rates. The effect of that would have been simply protection to London employers and to London workmen, because London Trades Union rates are higher than country rates, and to ask the country contractor to adopt London Trades Union rates, would have been to exclude him altogether. The alteration in the original resolution, as I said before, was carried against Mr. Burns, but only by a majority of ten. The Council refused to adopt an amendment proposed by Lord Monkswell, to the affect that the rates and rules to be adopted, should be those agreed upon for the time being between employers and Trades Unions, and the resolution passed in the form I have quoted, placing so far as the words go the Council's contractors entirely in the hands of the Trades Unions. It was further resolved that the resolution in question should be referred to a special committee, to consider and report as to the best means of carrying the same into effect. The special committee was accordingly appointed on the 31st May 1892, but they only

Duke of *Devonshire*—continued.

reported in December. Their report came on for consideration on the 13th of December. The discussion of that is so important, that if you will allow me I will put in the paper—I will not attempt to read it, but I will put it in for your Appendix (*see Appendix* CXXXIX.).

7758. Is that as to the debate in the Council?—Yes, it is very important—extremely so.

7759. That was in December last?—Yes. I will now give you the result of what was done. The report as it was presented to the Council, did not distinguish between one Trades Union and another, and proposed to adopt Trades Union wages and rules, whether accepted in the trade or not. The Council amended that proposal by inserting the words, "and in practice obtained," thus limiting its operation to cases in which the Trade's Union wages are accepted in the trade, that answers the question your Grace put to me earlier. The general effect of the proposal as passed is (1.) That for works in the nature of construction or manufacture a list of wages and rules is to be framed, founded on the rates of the London Trades Unions recognised and in practice accepted. (2.) That this list is to be acted on when the Council does its own work. (3.) That it is to be enforced on contractors. (4.) That in case of contracts to be executed more than 20 miles from Charing Cross, local Trades Union rates and rules are to be enforced on contractors. Then (5) there are elaborate provisions to prevent a breach of these conditions. No list of wages or rules has yet been prepared—that is again referred back to the committee; nor has it been settled what the wages are to be when there is no Trades Union rate recognised and in practice accepted. The result of the whole will be that the question of wages and hours of labour will be entirely out of the hands of the contractors, and will be entirely determined by whatever are the Trades Union rules for the time. Then to go back to the effect of the original resolution of Mr. Burns, in the intermediate time before this last determination of the Council in December, on the 11th of October the Council adopted a recommendation by the Main Drainage Committee.

7760. In what year was that?—In 1892, after the time of the passing of Mr. Burn's resolution, but before the time of the subsequent report of the special committee. Mr. Burns' resolution was then in force; and therefore the contractors had in view these Trades Union rates of wages. On the 11th of October the council adopted a recommendation by the Main Drainage Committee that a work of sewer reconstruction in Lambeth estimated to cost 7,000*l.*, should be executed not as usual by contract, but by the council's own workmen, because they found that they could probably do it more cheaply, and as it is worked that the council were accustomed to this sort of work there would be no difficulty about that. Then followed a more important case. On the 11th of October the Bridges Committee brought up a report stating that "several tenders "for the erection of dwellings on the Yabsley "Street site (Blackwall Tunnel) had been referred "to them; that they thought it would be more "economical if the council were to erect the "dwellings, and that by so doing it would save "the extra cost which would be represented by "the contractor's profit, and also the expense of "supervising the work." The committee gave in their report no account of the amount stated in the tenders, and no estimate of the cost, if executed by the Council. It was, however, stated in debate that the sums named in all the efficient tenders submitted to them were much larger than the estimates of the cost made by the Council's architect, and there can be little doubt that this excess was due to the action which the Council has been taking with respect to wages. The proposal that the work should be done without a contractor came on in the council on the 18th October, and the Council adopted it, with an amendment instructing the General Purposes Committee to consider and report on the best manner in which works can be carried out in future, and to make proposals as to the necessary staff. The Council emphasised its decision to employ its own workmen in future by rejecting an amendment which was proposed by Sir John Lubbock to the effect that the committee should report not only upon the point that I have mentioned but also upon the question of what works it would be best for the Council to undertake themselves.

7761. The committee's instructions were only to report how the Council is to do it itself?—Yes, and Sir John Lubbock proposed an amendment the effect of which would have been that they should have a report as to what works the Council could best do. That the Council rejected. The Council is therefore committed to the policy of doing its own work and erecting its own buildings without the intervention of a contractor; and the cases mentioned show that it has been driven into this course, not only by *a priori* considerations of expediency, or by socialist theories of municipal action, but by its own previous dealings with contractors' wages, which had made it impossible for contractors to tender except at an exorbitant price. If any further proof of this were needed it is to be found in a case dealt with on the 1st November last. In that case the Bridges Committee reported upon the re-construction of Barking road bridge in the following terms:—"We have considered the tenders for the "re-construction of this bridge, which were "referred to us by the council on the "27th ultimo. On an examination of the "tenders it was found that all the firms had "not filled in the schedule of wages to be paid "to the men who will have to be employed on "the work. We accordingly asked each firm "to state whether they would be prepared to "adopt the rates of wages and hours of labour "as fixed by the various Trades Unions "concerned. The Thames Iron Works and "Shipbuilding Company, whose tender is the "lowest, stated in reply that they were prepared "to do so, but that it would necessitate an "increase in their tender by the sum of 5,750*l.*" And the committee recommended that the tender of this Company, amounting to 54,353*l.* should be

Duke of *Devonshire*—continued.

accepted. This accordingly was done by the Council, who rejected an amendment asking for further inquiry. This case deserves special attention. It shows that in consequence of the action of the Council in interfering between the contractors and their workmen the ratepayers of London are to pay to a contractor nearly 6,000*l.* more out of a total of 54,000*l.* than they would have paid but for that action. If this is to be the result of the Council's dealings with contractors, it is indeed time to have done with contracts.

Mr. *Dale.*

7762. Was the tender of 54,353*l.* brought up to that amount by adding the 5,750*l.*, the original tender having been, we will assume, about 49,000*l.* ?—Yes. I do not know whether the Commission would at all care to hear more on this point. I think this question of doing things by contract, or doing the work themselves an extremely important one, and I have here some observations upon it, but I do not wish to trouble the Commission with them unless they wish to hear them.

Duke of *Devonshire.*

7763. I understand that the fair wages resolution has been enforced, although its terms have not been fully defined, since the 5th March 1889 ?—The fair wages clause was of that date, but not the Trades Union clause. You see, the first thing was the fair wages clause, and that was on the 5th March 1889.

7764. You referred to the clause, stating such rates of wages and such hours of labour "as are generally accepted as fair in their "trade" ?—Yes; then, on the 27th May 1892, came Mr. Burns' resolution.

7765. Then the resolution of March 1889 was too vague to have had any practical effect ?—Well, it had the effect of making the contractors say: "We do not know what this means; we "do not know how the Council will deal with "us, and therefore we decline to tender." That was stated in the Council. Then came Mr. Burns' resolution in favour of which there was really this to be said, that it made the thing seem more definite, so that contractors could understand better what was intended by the fair wages clause.

Mr. *Dale.*

7766. More stringent, but more clear ?—Exactly, more stringent, but more clear. It was during the period that Mr. Burns' resolution was in force, and before the period when the special committee reported, that this tender of the Thames Iron Works and Shipbuilding Company was made.

Duke of *Devonshire.*

7767. Have you any observations to make upon the question of abandoning the contract system and of setting up municipal workshops ?—Yes, if I shall not be wearying the Commission. There is no doubt that a public body is, as compared with a private person, at a disadvantage in the system of contracting. A private person can act upon what he knows about the contractor; he can deal with the contractor; he can go and make arrrangements, where a public department or a public body like the Council is open to be criticised and suspected if it makes arrangements of that sort, and therefore a public body is always at a disadvantage. Still, that difficulty has been got over. It was always got over in the department with which I was concerned. We accepted, without reference to the lowest tender, whatever we thought was really the best contract. We had a great many contracts under the Trinity House of very considerable importance for mooring-chains, lighting apparatus, and things of that sort, and in that case we always sanctioned the acceptance of the contract, which on the whole appeared to be the best for the public service, and we had no difficulty at all about it. Well, in the council there is this difficulty: the tenders are all read out at the beginning of every council; the consequence is that each of the contractors knows what every other contractor has offered, and we found, as a matter of fact, that men who had made the lower tenders when they found that most of the tenders were higher, withdrew them—whether under arrangement with the other contractors or not one does not know. That is a real difficulty. I found out—I was then chairman of the General Purposes Committee—that that difficulty was met in some of the provincial towns by always referring these tenders to a small committee, and their resolution was always adopted, so that there was no publication of what the several contractors had done. I proposed this, and I was met by the observation: "Oh, if we do that there will be at once "suspicion and accusation among ourselves, and "the men who are upon this small committee "will be accused of jobbing; that will never "do." Well, that is the fault rather of the Council than of the contractor, but it is a difficulty. Then, on the other hand, the difficulties in giving up the contractor and doing our own work are very great indeed.

7768. Besides the difficulty you mentioned, I think you refer to a difficulty that a body like the County Council would have during the course of a contract in introducing possible modifications ?—Quite so. Anything that they do with the contractor which is not obvious upon the face of it, and in accordance with the letter of the contract, is subject to suspicion and criticism, and consequently they cannot act in the same direct and arbitrary way in which a man who is dealing privately and for his own interest can act.

Mr. *Plimsoll.*

7769. Would it not be possible to make a condition that the tender should be accompanied by a bond undertaking to do the work at the price offered, or to forfeit a very considerable sum of money, and so to prevent the retirement of tenders ?—We have endeavoured to adopt

Mr. *Plimsoll*—continued.

some condition of that kind, but there is great difficulty about all such conditions.

Duke of *Devonshire.*

7770. Then you were going on to speak of the alternative plan, I think?—I was going on to speak of the dangers and difficulties of such a body as the London Council doing the work itself. Now, the labour that may be employed may be of two kinds; it may be either what you may call machine labour in the higher sorts of industries, or it may be hand labour. When machine labour enters largely into the element of cost all the conditions which create the beneficial intervention of the contractor arise. There must be an adequate superintending staff and a sufficient body of permanent foremen, and on their efficiency the success of the application of the machine labour and the satisfactory execution of the work must depend. There must be an adequate plant and suitable buildings suitably situated. That plant must be adequately and regularly employed so as to be up to date, and in the highest efficiency, and must be renewed and replaced so as to be in line with every improvement and extension in the steady substitution of machine labour for hand labour, which is the chief characteristic of modern production. Now, if we assume that a public body excludes the contractor and takes its place, then it must adopt these special conditions. There will be small room for saving the contractors' profits; for adequate industrial prizes in the shape of high reward and remuneration must be given to the staff if the best stamp of men are to be secured in competition with private analogous enterprise. Regular employment must be provided. If work does not come naturally work must be made. A public body cannot undertake private work as a stop-gap, and workshops that stand still are quickly out of gear. The benefits of competition will be sacrificed. There is no kind of work which can long stand the loss of the spur of competition. There is scarcely an industry which does not depend from one day to another upon competition for life and progress. In a few the stages of rest may be of some duration, but the general tendency of all is to recast the methods of production more or less radically from year to year. A varied demand and vigorous competitive offer can alone create and maintain this wholesome state of progress which, in a purely industrial community, struggling with rivals in all quarters of the globe is the sole condition of existence. Public and municipal production means the reduction and extinction of all the conditions that make for competition. Probably in 10 years the most modern and costly plant, and the most advanced and enthusiastic staff if limited to employment by public bodies, and upon public work, would have dropped hopelessly behind in the industrial struggle. That is with regard to machine labour. Then, if we go to hand labour: Where hand labour is the leading element of cost, the system of contracting is especially advantageous, because of the extra need of the master's eye. Hand labour, unlike machine labour, furnishes wide room for misapplication and waste of labour, and for variations in quality of labour. It is, therefore, universally found to require exceptional care in organisation and supervision, and such care cannot be reasonably looked for where no adequate interest in its exercise is involved. The contractor stands to lose as well as to win, and the workman knows that this is the contractor's position, and he knows further that the contractor is his unfettered employer and is free and resolved to get full work for full wages under penalty of discharge. If the case were one of a public body, employing directly a more or less permanent body of workmen supervised by salaried officials, the conditions would rather favour the "nursing of the job" than its prompt and economical execution and the stimulants and checks of the contract system would be wanting. The public body cannot lose. The officials and the workmen know this, and while prolongation of the business will often have attractions, there is little or no inducement to get it done with. These considerations seem to me very important and they certainly did not receive sufficient consideration. One of the most important of them all is that you will have to find work in order to keep your staff and plant going. You will never be able when you get servants, especially where the labour members are very strong to dismiss those servants when you do not want them; you will be obliged to keep them on.

Duke of *Devonshire*—continued.

7771. What are the actual works that have been undertaken by the Council up to the present time?—They are very small at present; it is all in its inception.

7772. A sewer reconstruction, I think?—Yes, a sewer reconstruction and the erection of some buildings. The steps that the Council have taken are to create a department for the purpose of doing works, to put at its head a highly paid officer, and the committee are now considering what they shall recommend in the way of plant and machinery and stores.

Mr. *Livesey.*

7773. They have appointed the officers have they not?—They have appointed some subordinate officer, but they have not appointed their head officer yet.

Duke of *Devonshire.*

7774. But the staff is in process of formation?—It is.

7775. Do you think that it is a matter of economy on the rates alone?—No. I think the effect of the principles adopted by the Council are even more important in their bearing on the labour market generally than in their effect on the rates.

7776. What is your opinion as to the effect upon the working population generally?—I will first point out that I know no better test of the result of an action of this kind than what would produce bankruptcy in an individual. The London County Council cannot become bankrupt, and a public body

Duke of *Devonshire*—continued.

cannot become bankrupt, but of course the effect of their doing things at a higher cost than necessary upon the wealth of the community is just the same if they spend what is unnecessary upon it as if a private person became bankrupt. Now if an increase of wages were made by a private person, such as the Council have made in the case of the parks, it must almost inevitably lead to bankruptcy. Then to go further to the effect on workmen generally, it seems to me that in the first place there would be, and there must be, very great discontent on the part of workmen not employed by the Council, if they see alongside of themselves workmen doing the same work and employed at very considerably higher wages. Then in answer to that, I have heard it said in the Council: "Oh, our object is to raise wages all round."

7777. By example?—Yes, by example. How that is to be done without increasing the product out of which alone wages can be paid I fail to see?

7778. It has been claimed by some of the advocates of this policy that the County Council has added a very large sum to the wages of its labourers, has it not?—It was so stated in the "Daily Chronicle," in which there were some able articles defending the late Council against a great many attacks; but upon this particular point it struck me as curious that in one and the same page they took credit for a saving of 2,000*l.* a year in salaries paid for brain service and for an addition of 50,000*l.* to the wages of its labourers. I do not mean to say that that 50,000*l.* is an unnecessary addition, but it struck me as a curious appeal to the public to claim that the Council should have saved 2,000*l.* a year on brain service and added 50,000*l.* a year on muscle service.

7779. Are you of opinion that this policy arises from a mistaken idea as to the existence of some unlimited fund from which wages may be indefinitely increased?—I think so. I think that there is a notion abroad, arising probably out of the state of things in which workmen generally have been forced to combine in order to obtain a fair share of the produce of their own industry, that there is some unlimited fund, called capital or capitalised property, out of which all wages may be indefinitely raised if only workmen will combine to raise them; a sort of cistern of infinite capacity, out of which any quantity may be drawn by an infinite number of taps without exhausting it or even lowering its level. No dream can be more baseless. Some margin of profit there often is upon which labour may safely draw; some fixed capital there is which may for a time bear drafts on it without being exhausted. It is the difficulty of ascertaining his margin which renders it almost impossible for outsiders to form sound judgments on the merits of most strikes and disputes about wages, and those who have most experience will be very cautious in paying too much attention to the outcries of frightened capital. But there is no such thing as an inexhaustible fund out of which to pay wages.

Duke of *Devonshire*—continued.

The fund out of which wages as well as profits are paid is the constantly accruing produce of industry, and it is only by increasing this produce that wages can be increased all round, Further, and I think this is an extremely important consideration, any excessive demand on this fund by any one class of work and workmen must diminish the share of it which other classes would otherwise get, either by making the produce of their own labour dearer, and thus lowering real wages, or by exhausting the fund and thus lowering money wages as well, or by both processes. Then I give some illustrations of that, which I will go on with if you wish.

7780. Perhaps you would be kind enough to mention one or two illustrations?—If the colliers of the North, rightly or wrongly, get their wages doubled or reduce their out-put, it makes coal dearer to all other workmen and limits employment wherever coals are used. If the building trades get more for their labour it makes the housing of the working classes more difficult and more costly. If Government servants are paid in excess, taxation becomes more heavy, and private industries are checked and discouraged.

7781. And that would be the case also in the case of a municipal body?—It would. It is obvious enough, in the case of the Central Government, the Civil Service, the Army and the Navy, and what is obviously true of the Central Government is really no less true of Municipal Governments in their degree. And though the amount now under discussion is a mere trifle, the aggregate labour bill of the London County Council is even now no trifle; and if the legitimate aspirations of the Council are realised the labour bill of the Council will become no small item in the aggregate drafts made by labour on the productive powers of London. Then I go on to say that they expect to have very large funds from the taxation of capitalised property. I myself think that the law of rating ought to be altered, and that a larger share of taxation ought to be thrown upon capitalised property, but to expect that that will meet any such demands as are likely to arise from raising wages all round is perfectly absurd. Besides that, even if you took all the property of all the landowners in London, and applied it to the payment of wages by the London Council, you would, as to a very large part of that only, be taking the wages from one class of labourers to transfer it to another; for in the hands of the present owners of that property a very large part of their income and their profits is spent upon wages. The fact is you cannot make a cake any bigger by dividing it; you cannot divide a 1*s.* amongst 12 men so as to give each man 2*d.* That is really the long and the short of the whole of the thing.

Mr. *Livesey.*

7782. I have endeavoured to make a calculation about the direct wages paid by the three London Gas Companies, and I make it not less than 1,100,000*l.* a year, exclusive of coals?—I

Mr. *Livesey*—continued.

have not the least doubt you are right. My figures were taken from Mr. Giffen's report.

7783. They are not far out from Mr. Giffen's, which are 415,000*l.* and 625,000*l.*, the greater part of the 625,000*l.* being wages. I make it that it is not less than 1,100,000*l.* paid direct entirely exclusive of what is paid for coals, so that that would be the wages bill of the County Council or a good deal more probably?—It would be that, and I do not know how the Council might act with regard to the union of gas stokers, or how much that might raise wages.

Mr. *Tait.*

7784. Referring to page 2 of your memorandum (*see Appendix* CXXXVIII.), that part relating to Trades Union labourers and the Council, the first paragraph of which mentioned that the hours shall be 48 in winter and 54 for the rest of the year, and the subsequent paragraph of which states that no reduction in the rates of wages shall be made in winter, does that mean that the labourer shall not have less in the winter than in the summer?—I do not understand what that means. The rate of wages, as far as I understand, is the same in both cases, but the time is less.

7785. The time is less?—Yes, in winter.

7786. They ask that they shall only work 48 hours in winter?—Yes.

7787. And of course 54 in summer?—Yes.

7788. Which means a decrease to the workmen in the rate?—Yes, during the three winter months; so I understand it.

7789. In the second paragraph of page 3 you indicate that you are of opinion at least that the workmen alone are to settle the rates of wages?—That is not my opinion. It was distinctly what Mr. John Burns stated to be his when he brought forward his resolution.

7790. Do you know of any other employment where the workmen themselves have determined their rate without conference with the employers?—No; when I speak of the workmen settling their own wages I do not mean the individual workmen, but the Trades Union.

7791. Was it not meant when this question was under the consideration of the Council that the rates of wages should be fixed by conference with the officials of the Council or the members of the Council themselves in a similar way as wages are fixed between ordinary workmen and employers?—I cannot say what the intention was beyond what I have stated.

7792. What is the meaning of the latter end of that paragraph, where you say that they did not "attempt to tell us"—referring to the committee—"who our new masters are to be"?—What I meant was this, that they simply speak of Trades Unions, and so far as the language went that would include the Trades Union of the *employés* of the London County Council itself. There was a considerable discussion in the Council as to what was meant by the Trades Unions, and I think that there was a general and a reasonable feeling that it should only be what were really Trades Unions, and that it should not be bogus Trades Unions, but there was nothing in the report of the committee to distinguish between the one and the other.

Mr. *Tait*—continued.

7793. Certainly the inference to be taken by any one reading your memorandum would be that the London County Council in themselves were to lose the control of their business, and that so far as the rates of wages and the hours of labour are concerned it was virtually going to be taken out of their hands by their *employés*?—I think that would have been the case under the words of Mr. Burns' resolution and under the words of the report of the special committee I have told you of before they were altered in the Council, because there was nothing in either of those to distinguish between Trades Union and Trades Union—there was nothing whatever to exclude those Trades Unions that I have told you of, consisting of the *employés* of the Council themselves.

7794. Now, from your experience of the London Council, do you not think that they would immediately resent anything of the kind being attempted upon them?—I am inclined to think and to hope that they would. I do not think when they came to the working that they would agree to have any very preposterous demand forced upon them, but I am speaking of the resolutions and the reports of the committee as they stood.

7795. Perfectly so, but of course the reports of the committee are revised by the Council as a body, and they would resent any such interference of that kind?—Yes, but there was a very great struggle and a very great difficulty, and Mr. Burns opposed, with all his might and main, the introduction of the words—I forget them exactly—"accepted in the trade," or some such words as these. I proposed some words to that effect. My words were rejected. Lord Monkswell proposed other words to that effect. Those words were rejected, and eventually the council accepted Mr. Frederick Harrison's amendment, that is to say, that they are to be wages accepted.

7796. And "recognised by the Trades Unions "in the place or places where the contract is "executed"?—It is not only the "recognised," but these words were added "and accepted," which means of course by employer as well as by the Trades Unions.

Mr. *Courtney.*

7797. Was that final addition opposed?—Yes, strongly. My amendment was to add the following words at the beginning of the resolution, that these rules are "to be applied and "enforced in those cases and in those cases "only in which there is a Trades Union of "which the rates of wages and rules are "recognised and observed in the trades." That was rejected. Then Lord Monkswell proposed that after the word "labour" the word "generally" be inserted, and after the word "recognised" in the same line, the words "and enforced" be inserted. That amendment was rejected. Then

Mr. *Courtney*—continued.

Mr. Frederick Harrison moved that the words "and in practice obtained" be inserted after the word "recognised," and that was carried by a considerable majority, but very strongly opposed.

Mr. *Tait.*

7798. You make a comparison. I think it is a quotation you give here of Mr. Giffen's as to the aggregate wage, that of the workmen in inner London being 55*l.* a year, and in outer London 53*l.* a year, and further on you make special reference to the Kew district, where you say that the wages are 18*s.* to 20*s.* a week, which is just a little under the London wage. Can you in the first instance tell me whether in the compilation of this statement of 55*l.* and 53*l.* per year, any allowances have been made for sickness and holidays?—That I cannot tell you. I have not the report with me. I have given you the reference to the Parliamentary paper.

7799. Then may I ask you if your reference to the Kew labourers means that they shall have an upstanding wage right throughout the whole of the year?—No, I think that is not so; I think that Kew takes its labourers as it wants them.

7800. That is to say if a man was off sick, perhaps for a week or so, his wages would be stopped?—Yes, and when they have got a job such as digging a pond, and something of that sort, they employ more.

7801. Will house rent be less in the Kew district than in London—would it be cheaper in that district than in inner or what is known as outer London?—I should think it is rather.

7802. And the cost of living would be in the aggregate less?—I should think it is something less and the wages are less you see.

7803. Referring to that part of your statement, where you mentioned that there has been 2,000*l.* saved in one class of the service, for what you term "brain service" and that they have added 5,000*l.* to the wages of their workmen, can you give us the number of their workmen?—No, that is what I told you. I said that I could not. I do not vouch for those figures the least in the world, nor can I tell you what the writer meant beyond giving those figures. What I was struck by was their taking credit for the small saving upon brain service and for the large expenditure upon muscle service; I am making no accusation about it at all, it may be perfectly right; the work of the Council has increased enormously, and the work of the lower clerks is increasing enormously, but the present state of things, as far as I know it—I do not know it out of doors—is that we are getting quite an army of lower clerks and that our upper servants are over worked, worked to death, and cannot get through their work.

7804. And therefore we are not able to make a comparison as to the amount per individual employee?—No, and I do not mean it in any sense as any sort of imputation upon the Council. It was merely to show what was considered to be a good thing with which to appeal to the public.

Mr. *Tait*—continued.

7805. Upon what statement do you base the figures given in the paragraphs headed "Effect on the unemployed.—Wages in the country." You say there, "At the same time farmers and "landowners in the country are in a peculiar "difficulty, and agricultural wages, never as "high as could be desired, are going down "simply because employers cannot afford to "pay." Will you tell me the premises which you base this statement upon?—I base that upon common report and knowledge which you see in almost every day's paper. I have not, of course, gone into it, but you see in every day's paper wages in Essex, wages in Norfolk, going down, and it is a notorious fact that farmers are in the greatest possible difficulty.

7806. Yes; but when you speak of agricultural labourers here as a class you do not specially refer to any district, and what I am very anxious to get at is to know the basis which you go upon when you state that agricultural wages, I mean in the aggregate, have fallen, because that is clearly what we must go upon. You can only refer, you say, to local reports which have appeared in the papers?—Quite so; I have no detailed statistical information, and I speak, not of all agricultural wages, but of agricultural wages in some parts of England. They differ much.

7807. Is it upon similar report that you say that employers cannot afford to pay?—Certainly; the farmer is in the greatest difficulty.

7808. Not from any inquiry which you yourself have made?—No.

7809. Dealing with the cost of labour in the parks, and with especial reference to the Council taking over some of the large undertakings in London, let me take you to that of gas; I think under present conditions you are rather opposed to the London Council taking over either the water or the gas owing to their treatment of their labourers in the parks?—I have always been a very strong advocate of the transfer of the water to the London County Council or to some public trust, and I think in some form or another it will have to be done. But what I say is that if those undertakings are to be carried on in the interest of the labour employed upon them rather than in the interest of London generally, London generally will suffer rather than gain by the transfer.

7810. Now, you are quite well aware that there are a number of towns in the United Kingdom which have taken over in trust form their water and their gas?—Yes, I am perfectly aware of that, and I am perfectly aware that they have done so with great success.

7811. In these towns the labour was open and competitive, the same as it is in London?—I am not aware that any of those bodies have taken action with regard to wages similar to that which I have described in this memorandum as taken by the London County Council.

7812. Let me take you, for instance, to Glasgow, where I have a little knowledge of how they conduct their municipal business. As a municipal authority they employ a very

Mr. *Tait*—continued.

large number of gas stokers—they employ thousands of men. Anyone there seeking employment seeks it in an open market, the same as in London. That is, if a man comes even from an agricultural district to London to seek employment, and seeks for it at your London County Council, it is open to the Council to refuse or accept that man. If the foreman thinks he is not a competent person to undertake the work that he requires him for he will not employ him, simply because he comes from a country district, and, notwithstanding the fact that in London as in Glasgow employment is open, yet Glasgow and many other of the towns of the United Kingdom have been able to make their municipal gasworks and waterworks pay comparatively well?—Yes, I entirely agree to that. I know that as a matter of fact.

7813. Do you not think that the same commercial ability which has so characterised the members of councils in other towns of the United Kingdom could also be found in London for the purpose of carrying it on and for the purpose of making it pay in this way?—I hope so. All that I say is, if it is to be carried on solely in the interest of the men who are employed, and if the unions of those men are to dictate the wages to the council, then I think there is a great danger of excessive expenditure.

7814. I perfectly agree with you, if it was the intention of any one that these works should be solely and wholly carried on in the interest of one class of the community there is reason for complaint, but what I wish to make clear, if possible, to you is, that while there may be one or two or a dozen people who may hold that opinion yet the concentrated opinion of the people of London focussed by their representatives in the council would resent any such interference, and if such an undertaking was gone into they would do it in the interests of the citizens?—And I think the labour members themselves of the council are extremely sensible and reasonable men, and when there came to be anything of this sort I should hope that they would resist it as much as anyone. But what I want to point out is that if you are to adopt the rules of the Trades Unions of the *employés* as the sole guide as to what the employees are to get you are likely to have a very great increase of expense, and, further, that if in addition to that the power of the *employés* as voters is brought to bear upon the members of the council, you are likely to have what, in the case of other classes, we should call considerable jobbery.

7815. Now let us take the various Trades Unions that are interested in the London County Council. Do you know of any particular Union which has said to the council or to any of its officials "We intend to take the business of this council into our own hands"?—No, I do not, because I have not had an opportunity of doing so, but I have given you an instance where a so-called Trades Union has been formed which has asked the Council for higher wages than the Council even as at present advised has been willing to give.

7816. Quite so, that is the duty of the Trades Unions, if so, be its members 500, or 600, or 5,000, or 6,000, upon fair and mature consideration, think that they are not receiving a wage whereby they can exist, and exist well—I believe everyone would like to see the workmen living well and comfortably?—Certainly.

7817. If he thinks that he is not receiving that, and that he is justified in approaching his employer—either a municipal body or an ordinary employer—for an advance of wages, and that body considers that it cannot give it simply because the man has asked more than what the particular body feel inclined to give, that is no reason for thinking that the Union want to take any unfair or undue advantage?—No; the Trades Unions no doubt, from their point of view, think that what they are asking is perfectly fair.

7818. And reasonable?—But it is possible that the other party to the contract may think that it is not fair, and what I object to is saying that the Trades Union in that case is to be the ultimate arbiter.

Duke of *Devonshire.*

7819. On this point, if one of the resolutions which you have read had been literally construed, would not the Council have been bound to adapt the wages of the gardeners, park-keepers, and labourers to the demands which were made by the Union?—I think so; I think that is the natural meaning of the words; mind you I would not say that that was intended, but I think that was the meaning of the words.

Professor *Marshall.*

7820. Do not the words "practically enforced" exclude the case of an application by a union which is formed exclusively of the servants of the County Council?—Yes, I think they do, but those words were not in Mr. Burns' resolution nor in the report of the committee.

7821. Quite so, but the question put to you was with regard to the resolution as it stands, was it not?—That is the last resolution, but I think his Grace was asking with regard to Mr. Burns' original resolution. Mr. Burns' original resolution was: "That all contractors "be compelled to sign a declaration that they pay "the Trades Union rates of wages and observe "the hours of labour and conditions recognised "by the Trades Union." So that there is no attempt there to define Trades Unions and nothing to exclude any Trades Union whatever.

7822. I understood his Grace's question to relate to the resolution which actually had been passed; if it did refer to Mr. Burns, then of course, my question is not relevant?—As finally amended by Mr. Frederick Harrison's amendment, but with considerable resistance on the part of Mr. Burns and those who acted with him (Mr. Frederick Harrison's amendment makes a very great difference) it then is only the rates

Professor *Marshall*—continued.

of wages which are generally enforced and accepted, and of course where the only parties dealing are the *employés* and the London Council that would be excluded, because there are no rates of wages in force.

Mr. *Tait.*

7823. Now what I wished to get at was that when you speak of wages which have been or are generally accepted in the trade, would not those wages be the result of conference?—Quite so.

7824. If I were a private employer and as the result of a conference with my workmen see fit to pay them a wage acceptable to the trade as a fair wage, do you see any reason why such a body as the London County Council ought not also to adopt it?—I can see no reason why the London Council should not confer with their *employés*—either a Trades Union of their *employés* or otherwise—and settle the rate of wages with them.

7825. If I should say, then, that there ought to be conferences, and you are agreeable to such conferences taking place, for the purpose of settling these points, how can you reconcile that with the statement that you think that the *employés* of the London Council virtually or ultimately would become masters of the situation?—I was speaking of the matter as it would have existed under Mr. Burns' resolution as originally passed, and as he intended it, and of the original report of the committee, not of the resolution as it was altered finally by the Council.

7826. Now you cite a special case here at the top of page 6, namely, the Thames Ironworks and Shipbuilding Company, whose tender you state was the lowest offer that had been made, but that if they had to comply with your resolution an extra sum of 5,750*l.* would have to be added to the original tender?—Yes.

7827. Can you tell us, or have you made any inquiry as to what were the rates of wages paid by them?—No.

7828. What were the rates quoted——?—No, I have not made the inquiry.

7829. In the original estimate as against the second?—I have taken that merely upon the statement of the Committee; I know nothing further about it. I have quoted to you the words of the report of the Committee.

7830. It may be possible, then, that this 5,750*l.* is not all wages?—It may be what?

7831. It may be possible that this increase is not all wages?—The words of the Committee are: "On an examination of the tenders it was "found that all the firms had not filled in the "schedule of wages to be paid to the men who "will have to be employed on the work. We "accordingly asked each firm to state whether "they would be prepared to adopt the rates of "wages and hours of labour as fixed by the "various Trades Unions concerned. The Thames "Iron Works and Shipbuilding Company, whose "tender is the lowest, stated in reply, that they "were prepared to do so, but that it"—that is,

Mr. *Tait*—continued.

putting in the Trades Union wages—"would "necessitate an increase in their tender by "the sum of 5,750*l.*"

7832. I did not notice that word "it." That means, I think, an increase of nearly 10 per cent., does it not?—I think it is.

Duke of *Devonshire.*

7833. More than that?—Yes, more

Mr. *Tait.*

7834. That would have meant, then, that when this Company got the tender (as they did) they would have increased their workmen's wages to that amount?—I suppose they meant that.

Mr. *Courtney.*

7835. Not necessarily in that per-centage?—No, not that per-centage.

7836. By that amount?—Yes.

7837. The last question asked was 10 per cent.; if the question refers to that it would be an error?—No, it is not per-centage; it is that amount.

7838. The amount would be and must be a much higher per-centage of the wages?—Yes.

Mr. *Tait.*

7839. Now in the second paragraph on page 7 you say, "If the colliers of the North, rightly or "wrongly, get their wages doubled or reduce "their output, it makes coal dearer to all other "workmen and limits employment wherever "coals are used?"—Certainly.

7840. Would you explain how?—Clearly if it increases the price of coal—and every rise in wages or stoppage of work has increased the price of coal—it probably increases the price of coal by very much more than the increase of wages, because the colliery owners and the middle men are sure to get their pickings out of it.

7841. How does it limit labour?—Because the coals form a large element in the cost of manufacture, and therefore if the cost of coals is increased the cost of manufacture is increased. Increasing the cost of manufacture limits the power of the manufacturer to employ men.

7842. Do you think that has been proven from the reductions of hours which have taken place during the last two decades in this country, and the advance of wages consequent upon the reduction?—I do not quite understand your question.

7843. Do you think that your contention here has been proven during this last 20 years, during which period considerable reduction in the hours of labour has taken place, and there have been considerable advances upon that reduction even in wages?—I have not said anything about the reduction of the hours of labour.

7844. No, but you say that it limits employment?—I have not said that the reduction of the hours of labour limits employment,—that depends upon a great many other considerations.

Mr. *Tait*—continued.

7845. You were dealing especially here then with the advance of wages limiting employment?—I think there can be no doubt that when the colliers of the North refused to work for a certain time last year, it did enormously increase the price of coal.

7846. Yes, but that is not the point. You say here that when wages are advanced, the result of it is that employment is limited? If that proportion of the cost of production which is due to wages is advanced, that must come out of something, what can it come out of?—If the employers' profit,—the margin of profit—is sufficient, it may come out of that, but if the margin of profit which the employer makes is not sufficient, then it must go to increase the price, and if neither of those things happen the industry stops.

7847. Yes, but as a rule from your observation, have you not noticed that where advances of wages take place a proportionate price is put upon the production?—Certainly great advances in wages in coal mining have been followed by an increase of price in late years. I cannot give you the facts, but I am sure of it as a matter of fact.

7848. You cannot speak for any other industries, can you—take the cotton industry?—No. Then of course there may be savings in other directions, and the advance in wages may be accompanied by more efficient industry or by improvement in plant. There are many other ways; it is only one element, but *pro tanto* it increases the cost of production.

7849. But it does not necessarily follow because the cost of production has increased, as it has done during the last 20 years in this country in most of our important industries, that employment is less?—The cost of production *pro tanto* must go to diminish employment; if the cost of production increases it diminishes employment *pro tanto*. There may be all sorts of other elements which prevent it having that effect.

7850. Then you just simply state that employment is limited because the price of wages is increased?—I think it is quite obvious that wages have increased enormously, and that has been accompanied by such improvements in production that the net product has been as great as it was before. That is obvious to everybody, and a very happy thing it is that wages have increased in that way; and it is much to be hoped that they will continue to be increased. But what I want to enforce is that it is upon the ultimate net product that the wages both in that industry and in other industries must depend.

7851. You said, I think, in answer to our chairman, that there would be a natural jealousy on the part of a certain class of workmen in London, when it came to their knowledge, that they were paying their own employees at a better rate than they themselves were receiving?—I think so.

7852. Now, what is the basis of that statement; has there been on the part of London workmen any representation made to the London County Council that they are paying too high wages?—No, they probably hope that the example of the London Council will be followed. But to take my illustration; if the men who are employed on the market gardens round Kew find that the wages at Kew are increased they will naturally be discontented, and they will try to get more wages from their employers.

7853. Yes, but a statement coming from such an authority as you that there will be a tendency for the London workman to be jealous of paying the employees of the London County Council a higher wage than he himself is receiving would be paid some attention to in certain quarters; and what I am desirous of getting from you is what authority do you base the statement upon; is it from workmen, or is it perhaps a statement on the part of an employer, who sees that he will have to advance wages for the purpose of competing? — I am neither workman nor employer, and I only speak from a general observation of human nature.

Mr. *Courtney*.

7854. By the word "jealous" you do not mean to say that the outside labourer would complain of greater wages being given to the labourer of the County Council, but that he would desire the same at all events for himself?—Quite so.

Mr. *Tait*.

7855. Now, do you not think that the fact of their paying even a little higher has a tendency to bring to the County Council the very best class of workmen?—I hope it may have that tendency; but, on the other hand, it has been observed to me that there is a danger in making these places of the County Council better than other places in the trade, of making them places to be given away. The Council you know is a body of fallible men.

7856. But, at the same time, I think you will admit with me, that if you do pay, say, a little above the standard, or if you only pay the standard where the work is more comfortable, that is, where the surroundings of the employment are more comfortable, the best workmen will naturally migrate there for the purpose of getting employment?—I hope that would be the case, but at the same time you must remember that these paid servants of the Council, if they are to select the workmen or the members of the Council, if they are to select them, have by no means the same intense interest in selecting the best workmen that the contractor has.

7857. Then the inference would be that members of the London County Council are susceptible to the influences which the constituency hold over them?—I think that may be regarded as a very natural consequence from their position. When I speak of the London County Council, in a great many of these matters, let me be understood as also speaking of my own profession. I have been engaged in

Mr. *Tait*—continued.

the public service all my life, and I know that while the public service of this country has a great many merits, it has not the same intense energy and intelligence in selecting its means and doing its work as a private employer whose profits depend upon his success.

Professor *Marshall.*

7858. I suppose you do not regard the tendency which the action of the London County Council may have to raise wages as an evil in itself, but only as an evil in case it should lead to a reaction?—I can hardly go quite so far as that. I should be very glad to raise wages all round if it could be done. The question, to my mind, is whether they have done right in this particular case of paying this unskilled labour as highly as they have done in taking a certain arbitrary limit of their own rather than in looking to what the ordinary market rate of that kind of labour is. That is the difficulty with me. I recognise entirely the evil of sweating, but there seems to me a very large difference, a large space, between the action of the London County Council, or between the present action of the Government, in the wages they pay and sweating.

7859. I was not specially referring to what you said about unskilled labour, but perhaps we might take that first. I understand that you object to that part of the County Council's action which offers to a certain low class of labour wages very much higher than that class of labour would get in the outside market?—Yes.

7860. And that you object because since those wages cannot possibly become universal the result would be that the people who get this employment must be favoured individuals, and the appointments must be jobs?—Yes, that is one reason.

7861. Then I think, in connexion with this, you spoke of that special form of unskilled labour which consists of watching the parks—work that involves no strain, and which can be easily done by old men of good character who would be unfit for severer tasks?—Yes.

7862. You said in answer to a question that the rule that all persons should have the same wage tended to throw out of employment those who were incapable of doing a really good day's work, but that that was only what Trades Unions did, in so far as they insisted on the same minimum for all classes?—Quite so, as far as I understand it.

7863. But has not the County Council in this particular respect gone rather beyond many of the Trades Unions; is it not a fact that many Trades Unions have a special clause allowing those who have earned full wages while in the prime of life to work for less than full wages when they become old?—I am very imperfectly acquainted with the rules of the Trades Unions, and therefore should not like to speak positively, but I understand that, like sensible men, they have various expedients for getting out of the harshness caused by an arbitrary rule.

Professor *Marshall*—continued.

7864. Some Trades Unions have done so, but not all?—Yes, some Trades Unions have, and some Trades Unions, I am told, do not enforce their rules so harshly as to reject men of that kind.

7865. Would your opinion be that a rule that 6*d.* an hour is the minimum on which a man can live rather assumes the man to be responsible for supporting a family?—I really do not know upon what the 6*d.* an hour is founded; it has not been discussed at all.

7866. But the expenses of these old men, who are past work and would be likely rather to receive contributions from their children than to support their children, would not necessarily be the full expenses of a normal household—the expenses of these old men who would be suitable for the position of park constables would not necessarily be as great as those of people who had to support their families?—No, especially as I believe was the case, they might have some small pension—some other means of living, or might be living at home with their families. I am quite sure that when we speak of the provision for the aged, by far the best thing for any aged man, or a man who is growing in years, is to let him work as long as he can, and give him the full value of whatever he can do, although that is not the full value of a man's services in middle life.

7867. Would you hold that even if he got the same pay as a pension, or in the workhouse, with nothing to do he would be actually happier if a place could be found for him in which he could earn his wages?—Most undoubtedly, he would be happier. Let him keep up his self-respect. Give the man something to do. It must be everybody's experience of any old men labourers that he has had to do with, that the worst thing you can do for them is to pension them off in idleness.

Mr. *Livesey.*

7868. Or anybody else?—Or anybody else.

Professor *Marshall.*

7869. Then I understand that your objection to the action of the County Council is in so far as it may tend to give to certain classes of labour wages so far in advance of the market rates that they cannot be sustained?—Yes.

7870. But I was not quite sure whether some of the things you said might not rather imply that you objected to any influence that the County Council might have in taking income out of the pockets of the capitalist and giving it to the wage receivers. I presume you would regard that as a good thing if it did not lead to a reaction?—I should wish to see labour receive the largest share of the net product of industry that it can receive without cutting its own throat, or killing the goose that lays the golden eggs.

7871. That is what I am at. Therefore any gradual increase of wages that could be brought about by County Council or other action which tended to bring out greater energy on the part

Professor *Marshall*—continued.

of the workers and did not tend to diminish the ability with which business was carried on, you would regard as a good?—I should hail it.

7872. But you fear that as men are at present constituted the difficulty that a public body has in inducing its employees to rise to their own best level, is greater than that which a private employer has?—I am afraid so. I speak from some experience in the public service.

7873. And that really the central evil which has to be feared in any great extension of municipal employment is not an increase of wage but a slackening of the springs of activity?—It may be both, but the latter is what I most fear.

7874. The former, as you have stated, you do not regard as an evil in itself, but only in so far as it causes a reaction, I think?—Yes; or in so far as it drives away capital and reduces employment.

7875. You have said a little about the difficulty which a public body has of getting rid of those of its workers who do not rise up to their own best level?—I speak of that from personal knowledge. The very greatest difficulty I had in the public service was to get rid of inefficient and incompetent clerks, especially in the lower classes. I am quite sure that that difficulty will exist with the Council and its workmen, just as it did with us in our public offices.

7876. When it is said that the council by offering high wages will collect the better class of workmen, because they will migrate to it, does that not assume that the County Council is able to make room for the better class of workmen by getting rid of those who do not turn out well?—Yes. I think they will very soon find that they have a staff on their hands which it will be very difficult for them to deal with.

7877. Is it not true that new brooms always sweep clean, and that one cannot judge of the efficiency of County Council work fifty years hence from watching the efficiency of the departments that are just starting?—I quite agree, and I should like to add to that, that from the time I joined the Council to the present time I have not seen a symptom of personal jobbery of any kind whatever, and I have seen energy and industry exhibited by men who have devoted themselves to the service which has surprised me. But having said that, I will still say that it is even as compared with the public Civil Service an inefficient instrument for doing work.

7878. There were two minor points I wished to refer to. Referring to your statement with regard to the wages of a farm labourer who is a skilled workman, able to plough and sow and reap and hedge and ditch, to build and thatch ricks, to tend horses, cattle, sheep, &c., do you not think you have put his wages rather low when you say 11*s.* to 12*s.* a week?—I only take the statements that I have seen in the papers of what the wages are now in the eastern counties, but I have no statistical information of that sort. We know that they differ very largely indeed and in the most extraordinary way—that wages would be 15*s.* in Surrey, 16*s.* in Kent, and 11*s.* in Oxfordshire at the same time.

Professor *Marshall*—continued.

7879. But would not the wages in the neighbourhood of London for work of that kind be beween 50*l.* and 60*l.* a year?—The wages of workmen in Surrey are about 14*s.* a week now, I think.

7880. Yes, but then when you count in all the extras of workmen of that kind, does it not mount up to between 50*l.* and 60*l.*?—I have never made the calculation. The wages in the counties immediately around London are very much a fancy thing, and I do not speak of the wages given by gentlemen; probably you will find the wages given by farmers rather lower.

7881. But then it is rather the wages in the neighbourhood of London that are really in point in this case?—No, I do not think so. I think it is exactly the underpaid agricultural labourer who is employed by the farmer, and who is paid at the rate of wages which farming can afford, who is likely to drift into London. The better the man is paid in the country the less likely he is to drift into London.

7882. I do not mean the men employed by the private gentleman instead of by the farmer; I mean that when you speak of the wages as being twice as high as the market wages, you should take, should you not, the market wages of the same neighbourhood?—Well, London is very accessible from Essex and from all those corn counties which are suffering so much.

7883. One more point. You speak of the effect of a rise in colliers' wages or a diminution of output, and you argue that either would tend to diminish employment in other industries?—To raise the price of coal and so to diminish employment.

7884. But should not one put the two on rather a different footing. Is not any rise in the wages of colliers that can be maintained to be regarded rather as a good, because it is simply a putting out of the pockets of the more well to do, into the pockets of the less well to do, something, while a diminution of the output tends to diminish the income of those who are not coal-producers without increasing the income of the coal producers?—Yes, that is so, but I have already said that I think the larger the share which can go to labour the better I should be pleased, always provided that it does not so far diminish the capitalists' profit as to drive capital out of the trade.

7885. I mean is not an attempt to raise wages by the particular form of diminishing output in your view a very much more dangerous proceeding than an attempt to raise wages in any other way?—I am inclined to think so.

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7886. I have one further question on this part of your evidence, but I understand you have given us this evidence in the same sense as we have asked for it, not as in the nature of criticism on the action of the County Council but as illustrating from that action some of the recommendations which have been made in the course of our evidence?—That is my object.

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7887. The further question I should like to ask you is, whether you think that the doubts or objections which you have expressed as to the policy of setting up workshops in order to do the necessary work of the Council would apply more strongly even to the policy of setting up municipal workshops as has been sometimes recommended to us for the purpose of providing work for the unemployed?—Certainly, it would apply still more strongly to that, because there would be the objection there that they were providing something that was not wanted.

7888. And one of the chief doubts which you have expressed as to this policy is the difficulty which you anticipate if once the County Council establishes a staff and organisation for doing certain kinds of work in putting an end to that organisation or terminating those establishments when the work is finished?—Impossible I think. I think when they get a staff they must keep it on.

7889. If there is no work it will be necessary to find work?—They must make work. I should like to say with regard to the whole of this memorandum (*see Appendix* CXXXVIII.) it was written for the Council originally, and that my object was not even so much to criticise the actual things done as to point out how desirable it was that where very great important departures of this kind were made they should be made with more consideration than has been given to them in the Council. In fact what I wanted to point to, rather than to these things themselves, was a certain want of organisation in the Council. Incidentally they have the other bearing which your Grace has mentioned.

7890. The main part of your evidence, I think, is directed to some of the evidence which you have seen, which has been given before this Commission?—The Commission have been good enough to send me Mr. Mann's evidence and Mr. Sidney Webb's evidence, and I have endeavoured to put down certain general observations and criticisms upon some of the larger points which they raise, and I have endeavoured in doing so to avoid as far as possible the points which were thoroughly brought out in cross-examination. In criticising Mr. Mann's evidence I hope he will not think that I am impertinent in paying him the tribute of saying how very much interested I was with it, and hoping if I criticise it it will be done in the same spirit with which he gave it.

7891. There are, I mentioned, two points in regard to the eight-hour day question on which you are prepared to say something?—The discussion of that is really exhausted, and the only thing that I have to say about it is that I am acquainted with very few branches of labour—the only three with which I am acquainted at all are those of men employed on board ship, which from my practice at the Board of Trade I knew something of, and farm labour, which I know a little of, and domestic service, of which we all know, and in all those a strict eight hours' day would be simply out of the question. Then the second observation I have to make is that Mr. Mann appears to desire the eight-hour day specially for the purpose of preventing fluctuations in labour; and of getting the unemployed employed. It seems to me that he has failed to show how an Eight Hours Bill would produce this effect without trenching either on the wages of those now employed or on the profits of employers, and I think the facts that I have given with respect to the employment of labour in the parks have some bearing upon those questions.

7892. As to the profits of the employers is it not one of the contentions of the advocates of the eight hours' day that there is a margin in the profits of the employers which would bear some reduction?—If that is so I have no objection whatever to its going to the employed rather than to the employer. Only care must be taken that you do not so far trench upon the profit as to prevent the capitalist going on.

7893. You believe the effect might be not merely to trench upon the profits of employers, but also to trench upon the wages of those who are now employed?—Certainly it may be taken out of those and then, I think, you will find that there is very great objection and resistance.

7894. You agree with Mr. Mann that the question of fluctuations of employment is a vital one?—I do agree with him heartily.

7895. You differ from him in the cause to which he attributes it?—He attributes it to the disorganisation of labour, and he attributes this to individualism, and he looks to the gradual growth of organised industries, and to the final absorption of the individual capitalist and employer in great national or municipal councils which shall control industry and direct it to the points where it is, for the time being, wanted. It is in this that I differ from Mr. Mann.

7896. Do you believe that it is impossible in the organisation of labour to dispense with individualism?—I believe that just as society consists of individual men and women, it is to the virtue, the energy, and the self-interest of each individual man or woman, whether capitalist, employer or labourer, that we must look for the greatest motive power in human affairs. Then at the same time I admit entirely the imperfections of our present system, terrible imperfections. I admit also what is the fact pointed out by Mr. Mann and others, the growth during the period of our own lives of immense organisations, such as joint stock companies, co-operative societies, great manufactories and great retail shops; I admit also the growing necessity for state or municipal interference with some of these undertakings, and in some instances for instance, water, tramways and others, the desirability of their being taken over by public bodies. When and how that should be done I think is a question of expediency in each particular case. I think that notwithstanding this it is the fact that even these industries, not to

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mention others, owe their origin to private self-interest and energy, and that many of them would never have existed at all if left to municipal enterprise. For instance, railway companies, gas, electric lighting, tramways, all began with persons who started them for private profit; all our fabric of industry has grown in this way. In noticing the imperfections of such an organisation, we are apt to neglect the organisation itself, and to look at the pruning and training as if it were the growth of the tree. I would just instance a case that has always struck me strongly as an illustration of what private enterprise and self-interest can do. Take the largest Government organisations, take the commissariat of an army, take what was done by the Germans in the great war, and then compare that with what is done in London daily for the feeding of London. London is fed as I suppose no city ever was fed before, without the interference of any municipal body, without the interference of any Government, and yet how admirably and perfectly the thing is managed, and that all by the action and self-interest of individuals. It has always struck me that that is a very important instance of the way in which self-interest acts to produce an enormously complete and perfect organisation.

7897. The case of the commissariat of an army engaged in a campaign is rather different from that of the feeding of a great city, is it not?—An extremely different case. I was only taking that as about the largest instance you can take of a Government organisation for feeding a large body of men and comparing that with the way in which the 4,000,000 or 5,000,000 in London are fed.

7898. Would you look with apprehension to the attempt to feed London by means of any municipal authority?—I do not think even the London County Council could manage that. I should like, if the Commission would allow me, to call attention to an extract from a French book. I found it long ago and in a book of some authority, Coquelin et Guillaumin's *Dictionnaire d'Économie Politique*, published in Paris in 1854, and this is what these economists—I believe they are distinguished men—say upon the subject of the French system as compared with own: "In France the initiative and direction "of these works (harbours, internal navigations, "roads, bridges, railways) belong to the central "authority, acting by means of a numerous and "expensive body, the engineers of roads and "bridges. Most of the great channels of com-"munication are established at the cost of the "public, according to the schemes or designs "of these engineering officials; the schemes "which are started independently of them are "subjected to their control; and it scarcely "ever happens that such schemes are accepted "against their advice. The result of this "*régime* is, that in respect of works of this "character the spirit of enterprise is wholly "discouraged, and that scarcely anything is "accomplished except at the instance and "by the impulse of the body of official

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"engineers, an impulse which, for reasons which "we have given under the title 'Fonctionnaires,' "is incomparably less powerful and less fertile "than that of free industry. Thus, none of the "great improvements in artificial channels of "communication or in means of transport which "have been introduced within the last 50 years "have originated in France—macadamisation of "roads, railroads, locomotives, suspension bridges, "steamboats, &c., all are the work of the free "and independent engineers of England or "America." And I may say that that is not due, as far as I understand from the railway people, to any want of invention on the part of the French, for I believe a great many of our best inventions come from France. "The "monopoly of our official engineers is as little "adapted to improve and utilise inventions as "to start them. And although our country is "one of those in which industry is most highly "developed, and in which a multiplicity of the "most perfect channels of communication—*e.g.* "of railways—is the most necessary, we have "remained in this respect far behind the United "States, England, Belgium, &c. A further "result of the French system is that the "channels of communication are distributed "over the country without any real proportion "to the wants of its several districts, and that "their expense, instead of being supported, as "in England, by tolls levied on those who use "them, and in proportion to the use they make "of them, falls without reference to the service "rendered, on all contributors alike."

7899. Now, as to the efficiency of a municipal control as a means of avoiding fluctuations of employment?—It seems to me that all these proposals for municipal or national control look to the control of supply. The question is, whether any municipal body or national Government can control demand, which is the important thing. Now that fluctuates from quite innumerable causes, from external circumstances over which we have no control, from the multiplicity of human desires, and the changeability of human desires. Take the case of fashion in dress. I think, if I remember right, that the industry of Bradford has been more than once altered altogether in consequence of the desires of our womankind for cloths of one description or another. Now I would like to know how any municipal body or any other body is going to control the desires of women for a particular kind of dress. Then take another instance—I could find them by the hundreds. Take the case of the discovery of a new industry—the discovery of the gold fields, for instance. That causes an immense displacement of, and demand for, labour. How is that to be controlled by any Government organisation? Take the ordinary process that goes on of capital seeking employment, credit with its ups and downs, periods of too sanguine inflation and periods of depression, because these constitute the greatest and most important causes of fluctuation. Capital in the form of floating credit is the greatest factor in modern industry. I think it is a greater factor

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than steam or electricity, founded as it is on views of the future and the distant taken by human creatures with human hopes and fears. It is open to very great abuses, no doubt, but without it labour would seek the greater part of its employment in vain. Consider what goes on in the city of London every day. What are the great financing houses—the Trust Companies? Their business is to find out human wants wherever they exist in the globe, and direct capital where it is wanted. According to Mr. Mann new inventions languish for want of support. Well, it is the business, and a very proper business, of financial machinery of this kind to find capital for those things. Is it to be supposed that any Government department would do that, or do that as efficiently or as well as the private capitalist, seeking profit, does it? Then when we consider what this capital is, which they so supply, we see that it is the accumulated savings chiefly of small people. I think that is a very important consideration. It has struck me very much in a Trust Company with which I am concerned. It is no longer the very great capitalist who is the mover of industry. Under our present joint stock system it is the saving of small capitalists which is accumulated and is directed by these institutions into the channels where it is most wanted, or is supposed to be most wanted. Everybody who puts aside a yearly saving becomes a capitalist. Now I want to know could any national Government, any municipal council, manage such business as this?

7900. Could any Government department, do you think?—No. I say it distinctly. I have had considerable experience of a Government department, and I say positively that a well-managed Government department is a far better machine for managing business than a municipal council, or at any rate than such a body as the London County Council. But I think any Government department—and the most experienced administrators would do it the most—would shudder at the notion of committing the control of business of this kind to the best Government department.

7901. That is the control of the investment of capital?—Of the investment of capital which constitutes the demand for labour. The result would be ignorant and mischievous meddling, if not self-seeking and jobbery, and it would lead to the sacrifice of public money and stoppage of the springs of industry.

7902. Have you any instance of that?—I should like to give an instance. I will not mention the name of the concern, but an instance often tells. There is a certain invention which in the opinion of many persons who are competent to judge would lead to a very great improvement. Many persons have contributed to it. I have myself put some small sum of money into it, money which I could afford to lose. I thought it an interesting and a good invention. I thought it likely to succeed. It is extremely doubtful now whether it will succeed or not. It is one of those things which require a great deal more capital expended upon it than people thought at first, and it is quite possible that the value of it may be exhausted or superseded before it has got into practical operation, and that we may lose our money. Now I want to know would any person managing other people's money be justified in putting it into a concern of that sort? I should not think for a moment of recommending it to the Trust Companies with which I am concerned. I think myself justified in putting money into it which I may lose, but I should not think it at all right to put anybody else's money into it. It seems to me that these views of national and municipal control of capital and industry are purely ideal. Their upholders look to a perfectly honest, perfectly industrious, and perfectly competent, municipal authority doing all this delicate work with the utmost nicety, the utmost honesty; and then compare that with the actual thing as we know it,—a set of extremely fallible men, with comparatively feeble motives, and open to all sorts of temptations. Then compare the present system, imperfect as it is, with what is looked forward to in the future; it is comparing an existing thing, imperfect as existing things are, with an ideal. Depend upon it, if they should get the ideal you will find it just as full of imperfections as the present state of things.

7903. The evidence which you have already given relating to the dealings of the London County Council you think tends to confirm those views?—Yes, I think it shows that things are done very hastily. Things have been done perfectly honestly, but they are done very hastily, and as I think without sufficient insight and consideration of the consequences, and I am perfectly certain that to attempt to put anything like this sort of financial business into the hands of the Council could end in nothing but disaster. Until you can efficiently control that and so control the demand I do not see how you can pretend to control the supply.

7904. You have considered the proposal which Mr. Mann laid before the Commission on the subject of the muncipalisation of the London Docks, have you not?—Yes, I have considered that, and that subject to some extent came within my experience at the Board of Trade, and therefore I would propose just to make one or two observations upon it. His proposal is as I understand it, to do away with several of the existing docks and to consolidate all the docks about the Isle of Dogs, and manage the whole of them through a municipal authority, possibly the London County Council, and concentrate all the labour at that place, and thereby be enabled to get whatever labour was wanted at a short notice with great ease and thus prevent the present fluctuations. I will not go into any question of engineering difficulties or the expense of construction, but I would point out two things. In the first place I think Mr. Mann himself admits, that if there were only the same quantity of work as at present, and if all the men employed were constantly to be employed there would be a good many who would get no work. I think he says there would be something like 12,000 who would have to be discharged, and as

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far as I understand Mr. Mann, he says they must be absorbed by some other industry, but how they are to be absorbed I do not see. Then the next observation I have to make, is that whether you do or do not give compensation to the existing docks and wharves which you displace, you destroy so much capital, so many useful undertakings which now do a certain quantity of valuable work. Another objection to his scheme is, that by putting all the business in this one place you would increase what is one of the greatest difficulties at the London County Council, that is the overcrowding and congestion in certain parts of London. I speak of the constant demand, arising from the increases of London for new thoroughfares in the centre of London. If you put all the business of the port together at one spot in the port. you will make it necessary to make new avenues for the traffic, and you will have greater difficulty in that respect than you have at present. Then the dangers to navigation are extremely serious. I have heard the chairman of the Thames Conservancy say that he is in terror lest the wreck of one of the present big steamers in the upper reaches of the Thames should stop the whole of the trade of London for a time. That difficulty would be much increased if you brought all these large steamers high up the river, as far as the Isle of Dogs. Then as regards the management, it seems to me a very doubtful thing whether the business of all those various persons, dockowners, or wharfingers, shipowners, and conservators, disorganised as it may be, and even imperfect as the government of the Thames is, as I fully admit, whether that business would be done half as well by any central body, such as the London County Council, as it is done at present. As to the management by the Council, I at present consider it utterly incompetent. It is quite possible that you might create a public body which would be an improvement on the present system which would do some of the business. I think there has been a good deal of mistake about the constitution of the Dock and Harbour Trusts. There is a considerable movement in favour of what is called municipalising these things. Now when I first went to the Board of Trade this was a great question; but the real question then was how to take the docks and harbours out of the hands of town councils and such authorities and place them in the hands of bodies which represented the trade, and for this reason; that the town councils made use of ports and harbours, which are in fact highways into the kingdom, for the purpose of their own ratepayers, and they applied the proceeds of the dues which they levied upon the trade of the country towards the expense of their own paving and lighting. Liverpool is the most celebrated case of that kind, and there was a great fight on the subject which was begun under Mr. Cardwell, and which went on for 20 years under Mr. Lowe and Mr. Milner Gibson. There were constantly struggles in Parliament to get the ports out of the hands of the town councils and place them in the hands of bodies that represented the trade. It seems to me that it would be a reactionary thing to take these undertakings out of the hands of the present managers and place them in the hands of the persons who merely represent the ratepayers or inhabitants of the town. They are highways into the kingdom.

7905. Does that apply to other places besides Liverpool?—Yes, to a very great number of cases. They have slipped my memory now, but my recollection of the whole case was this, that originally the ports and harbours were generally, in England, in the hands of the municipal authorities. The Scotchmen, shrewd in this as in most other things, began by constituting separate harbour trusts, and at the great ports of Scotland the thing was done quietly at or before this time. Then I remember there was a very great contest at Liverpool, Sunderland, Hull, and several other ports which I cannot remember. This sort of contest went all over the kingdom, and it was very much aggravated by the fact that these old municipal councils had under old laws and grants and charters power to levy those local tolls, and the great object was to get this done away with, and to get all the taxes that were levied upon the trade of the ports, and apply them for the benefit of the shipping that entered the port.

7906. But comparing the case of Liverpool with the case of the Thames, the docks at Liverpool, and the river there, the management of the whole trade of the port is under the control of one public authority, whereas in London there is no one authority. Is not that so?—Certainly, that is the case, and there is no doubt that the management of the port in London needs organising. On the Mersey the docks were always owned by the town council or by a committee of them, and they were in the nature of a public trust, and they had only to be transferred to the new public trust when the change came. In London, of course, there is the difficulty that the docks are in the hands of private companies. But I would point out that in the matter of the docks the wharfingers constitute another very important interest; and then there are the Thames Conservators, and the city of London itself, and the London County Council—they all exercise some control or other over the river. But even the Thames Conservators are an illustration of what I have been saying, because they originated in a struggle between the Crown and the Corporation of London concerning the foreshore of the Thames. Mr. Cornewall Lewis saw this was a great scandal, and settled it by a measure which transferred the property and the management of the river to a new body called the Thames Conservators, who are partially representative. They were taken away from the city and the Crown, and were placed in this body which was to represent the navigation. It was an imperfect settlement, and no doubt the Thames Conservators might be very well reformed.

7907. You do not contend that it may not be expedient to endeavour to organise the trade of the port of London to a greater extent than it

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is now organised?—Yes, it ought to be. I am quite of that opinion. I think that it ought to be organised so as to represent, as far as possible, the trade and the labour which is used or is employed at the docks and on the river. But that is a very different thing from replacing the Dock Companies and Wharfingers by a Municipal Council.

Mr. *Courtney.*

7908. On the same principle as the Mersey Docks?—Yes, on the same principle as the Mersey Docks; but I think it would deserve serious consideration whether the labour that was employed at the docks should not be, in some form or another, represented by that body, which is not the case, I think, at the Mersey Docks.

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7909. In your opinion can anything be done to prevent fluctuations in employment?—Well, that raises a very large and serious question. It is extremely difficult to interfere with private enterprise without discouraging what is sound. My opinion is that you must go very far afield, and that something has been done and something more may be done. I think that Mr. Chamberlain's Bankruptcy Bill was a great step in the right direction; that is to say, taking care that when a great disaster occurs there is an effort made to punish those who brought it about. It is that sort of thing which causes great fluctuations of labour and a great misery to these millions from time to time, and anything that you can do to promote honest and solvent trade will do a great deal towards preventing those fluctuations. The leading feature in Mr. Chamberlain's Bankruptcy Bill was the investigation of each case, and in the case of fraudulent bankruptcies to punish, and in cases where there was great negligence and misconduct to give powers of suspending the certificate, and so on. Something of the same kind has since been done in the case of joint stock companies, and I do not think you can treat too severely anything in the nature of fraud which leads to that kind of insolvency. It is one of the things that creates more misery than anything else. I think that something (here I am on very much disputed ground) might possibly be done by the punishment of persons who put false prospectuses forward. I can speak of my own experience since I left the Board of Trade, in that matter, from the number of things I have been asked to join, and I know how easily people put their names down as directors of a company without ascertaining the truth of the statements which they put forward in the prospectus, and I believe that the law is still, although it was amended a year or two ago, very imperfect.

7910. And you regard unsound speculations and unjustifiable speculations as one of the chief causes of the fluctuations of employment?—I think so.

7911. I understand you to look rather to the imposing of legal checks upon the excesses of the individual principle than to the adoption of any Government or municipal regulations of employment?—Quite so. I do not see how any powers of that sort could possibly be placed in the hands of a Government, whether local or general.

7912. Do you think that in addition to your opinion of its impracticability there are any dangers which you see in connexion with any attempt in the direction of municipal organisation?—I see great dangers in thoughtless and hasty interference. I see this great danger, that it may very easily drive away capital from a place and in that way starve labour. Now capital is the most movable of things and it is the most easily alarmed. A scrap of paper, a telegram perhaps, will remove any quantity of capital from London to any country in the world. Labour cannot move in the same way. The city of London contains a great mass of institutions whose business it is to direct capital where it is most wanted and where most can be got for it. If you interfere with the employment of capital in this country so as to prevent its receiving its due reward the effect will be that capital will seek its remuneration elsewhere. There are plenty of places in the world where it can get remuneration. If you drive it away from London and from this country you will send it to countries where it can be better remunerated. I see very great danger to labour in this respect.

7913. Capital which is already invested is not so easily removed?—Of course not. In such things as railways and docks you cannot remove it, but you may to a certain extent make drafts upon them, and you may to a certain extent limit the profits to be derived from them; but practically there is no one of those industries that can go on for any length of time without the supply of new capital. Even the best established railways constantly want new capital for new extensions and new buildings, and if you make it difficult for that capital to get its remuneration it will not come to those railways.

7914. Do you apprehend that any insufficiently considered steps may increase the dearness and cost of living in London?—Oh, yes, certainly, it is quite possible to increase the dearness of life in London. Supposing, for instance, you double the cost of materials in building or double the wages of persons who are employed in building houses, you would increase the difficulty of housing the poor and the expenses of life in London would be increased. Anything which makes the industries of London less profitable and increases the dearness of life in London is to be deprecated.

7915. And that in itself is a burden upon the people?—It falls ultimately upon the weakest and the poorest.

7916. Would any attempt to raise wages in London have at the same time the effect of drawing labour into London?—It might do that—I have said so. It might very likely tempt the ill-paid labourer of the country into London, and in that case it would increase the difficulty which Mr. Mann feels so strongly and which

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we all feel, that is the difficulty of dealing with the unemployed.

7917. I see you propose to say something about foreign trade?—I can see a disposition in some of Mr. Mann's evidence to think that we shall very likely lose our foreign markets and that other persons will do the business for us, and, as a complement to that, that we may possibly be able, by some different arrangement, to provide our own food. Well, I think it is only to be expected that we shall lose certain manufactures and markets, but as we lose some we shall gain others, and I think it probable that if the competition were open to the whole of the world there would still be some things which with our energy and the excellence of our workmen we should be able to produce better than other people. Mr. Newmarch, many years ago, pointed out that whilst our coarser industries were not as profitable as they had been, all sorts of new industries were making up the gaps in our exports, and I believe that process still goes on and is likely to go on, and I can quite conceive, and Mr. Dale will tell me if I am wrong, that Pennsylvania or Alabama may send us iron while we might still send the more refined steel and iron manufactures to their markets. Of course it is very necessary that our manufacturers should adapt themselves to foreign wants. But however that may be and wherever our market may be, it is perfectly out of the question that England can feed itself or that it is desirable that she should attempt to do so. When we get two-thirds of our food from abroad and when these foreign countries are much better able to produce it than we are, I think, then it is beyond a dream to suppose that we can ever feed ourselves. Further, I find—not in Mr. Mann's evidence, but in some of the speculations which I read, and even in some of the actions of certain members of the County Council—a desire to get the whole control of production and of wages into the hands of the Trades Unions, and so enable them to say what the price of labour shall be. They are met at once there by the objection that if they make their terms too high things will be imported from abroad, and our industries will be beaten by foreign competition. That leads them not to be so warm in the direction of foreign trade as they might otherwise be, and sometimes to a desire to exclude foreign goods in order that they may have the sole control of the market. I think I see that in various quarters. I have seen it very distinctly in the Council in what I have already mentioned, viz., in Mr. Burns' proposal that the London Trades Union rate of wages should be adopted by all contractors for London work. That would mean that provincial contractors were to be excluded. That is simply protection to London contractors and to London workmen, and it would undoubtedly enable the Trades Union of London to control much more effectually than they can at present the supply of goods in London. Upon that he was beaten, but again the other day another case arose in which there was a question of a tender for ships. A good

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firm in London tendered for about 17,000*l.* Another equally good firm on the Clyde tendered for between 15,000*l.* and 16,000*l.* The Committee supported by Mr. Burns recommended that the Council should take the London tender simply on the ground that it would employ London workmen. That was rejected, I am happy to say, by the Council by a very large majority; but the proposal was made in order to employ London workmen and to exclude Clyde workmen or tried employers whom Mr. Burns characterised as sweaters, or at least he characterised some Scotch employers as sweaters. Therefore, I think we must bear in mind this tendency. And we must bear in mind this desire on the part of the labour school and the socialist school to control wages, and we must remember that the wider foreign trade and the more numerous the markets the more difficult it is for them to do so.

7918. If that tendency existed in London with regard to the contractors of the country it would necessarily extend as regards the rest of the country to foreign trade generally?—Quite so, and an amusing incident happened in the Council. Mr. Howard Vincent, delighted with Mr. Burns' protectionist principle, brought forward a proposal to exclude foreign goods and he appealed to the labour members to support him; but, however, he could get no support, not even a seconder, and so his motion dropped.

7919. As to the share which the artisans now get in the products of industry, they are, in your opinion, larger than formerly?—I spoke from Mr. Giffen's statistics and other figures of that kind, and, as far as I can judge, they certainly do get, as they ought to get, a larger share in the products of industry than they did, and I hope they will get a still larger share.

7920. Is there any fallacy upon this point that you desire to comment upon?—I think there is a great fallacy in taking on the one hand the proceeds of industry and dividing them into one portion which goes directly to labour and another portion which goes to the payment of management and another portion to the payment of interest on capital—to profits and rent. Now as to payment for management, and as to interest on capital, profits and rent, a very large part is spent upon labour—spent perhaps directly on labour by the persons who gain it. Therefore, it would not be entirely gain to labour if it were appropriated directly to the payment of the wage-earners. Again, all that is saved by the capitalist and well invested by him goes to the employment of reproductive labour. I think it very questionable whether if that portion were paid directly to the working classes it would go in reproductive employment and in the further employment of labour. I have in my mind one of the greatest employers of labour and one of the greatest benefactors to the labour and to the commerce of the country in this country, whose name would be well known if I were to mention it. He has made an immense fortune and he has also made an immense industry, and, he has no doubt, great

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annual profits. The wages of his concern amount to something enormous per year; but he has been constantly accumulating—his pride has been in the business, he has invested his money in the business, and all that money which he has invested in the business has gone to the further employment of labour. Now supposing that instead of that share of the product which has gone into his pocket and has been thus saved and re-invested, had been paid at once to the workmen employed in his concern, how much of it would have gone to reproductive employment and how much of it would have been spent on tobacco and immediate—I will hardly call them luxuries—but immediate comforts? It seems to me that there the final interest of the workmen is really the interest of the saving and prudent employer. Of course, there may be cases where the man does nothing useful with his profits, does nothing wise with them and spends them foolishly. In that case he spends them on labour in the first instance, but it is unproductive labour, and he leads a useless life, but with the greater part of persons who make large profits there must be a very large amount of that saved and re-invested in reproductive employment.

7921. If all that is produced is consumed, and not re-invested productively, in your opinion it is not a matter of great importance by whom it is consumed?—No, if it is all consumed. I would rather it was consumed by the poor than by the rich, so far as that goes, but the great difference is between its being consumed at once or re-invested in such a way as to produce employment and profit for the future. I think that the capitalist system tends to saving.

7922. Tends to saving and to re-investment in productive labour?—Re-investment in productive labour, which means, of course, increased employment of labour.

7923. What are the limits to which you consider labour may safely go in getting profits out of the gross produce of labour?—If I put it into a formula I should say that I know of no limits to the share which labour may get out of the gross products of industry except these two; first, that it does not drive away capital, and kill the goose which lays the golden eggs; secondly, that one industry shall not oppress and impoverish other industries by claiming too large a share of the product of industry. The first limit is obvious enough though it is, of course, not easy always to determine in the particular case. The second is less obvious. It seems to me that in many of these cases it is a misfortune that the struggle is represented as a struggle between labour and capital. It is of course so when the struggle is for a share of profit, but it is very often a struggle between two industries; for instance, as I have said before, that if the coal miners ask a very large increase of wage, and that leads to an increase of price, that is a struggle not between the collier and the coal-owner, but between the collier and the coal-owner combined, and those who consume coals. And it is in the same way with the builders. If the building operatives ask too large a price, and raise the price of houses, it becomes a struggle between the building trades and the people who are to inhabit the houses. So again there is the Trades Unions and the co-operative stores. The Trades Unions have looked at the thing on the side of the producer, while the co-operative stores have looked at it from the side of the consumer, and they have not always been the best of friends. I hope that they will become better friends in future, and have very great hopes from that because in that case the Trades Unions and the workmen will look at themselves as they really are, that is, as consumers as well as producers, and they will consider not only the question of nominal wages, and how much they get in money, but how much that money produces in commodities, because that is the real earning. A man may not be the richer because he increases his wages, if the commodities he has to consume are made dearer to him.

7924. Your observation made on the County Council lead you to think that is a favourable symptom as to the probable action of the working classes?—I think so. I feel no doubt that the labour members are very sensible men, and I have no doubt the thing will come out right in the end, and those things will occur to them. I am quite certain that the only way in which the thing can come out right is by having labour members in Council and in Parliament. There is no education, either for them or for other classes, so good as the discussion of these things together. I am quite free to say that I have learned an immense deal from the labour members, and I am quite free to say that there are points which they raise which I am unable to answer.

7925. You think, for example, in the matter of sweating, there exists a difficulty which the capitalist system will not altogether meet?—No, I have no formula for meeting the case of sweating, and now when there is a question of the wages of a workman or charwoman on the County Council we are always told of sweating. Well, the question is, what is sweating, and we are all of us I think against what is known by that name—squeezing the utmost penny's worth of work out of the poor and helpless. We are all of us against that, but as regards the question where and how to draw the line between that and what is a fair rate of wages, I confess I have no formula at present to solve it. Nobody wishes, I think, to encourage sweated labour by buying its products. Then, on the other hand, we must remember that it is quite impossible for buyers to control all the conditions of production. To refuse to buy because the producer does not pay what the purchaser thinks the proper rate of wages, is a principle that cannot be carried far without great danger, not only to the consumer, but to the producers themselves.

7926. In what way?—The strongest instance I can take is that of food. Suppose we were to refuse to buy food unless we thought that the people who produced it received a proper remuneration. Well, we get our food from the

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United States, where wages are very high. We get it from India, where the "ryot" gets next to nothing. We get it from Russia, where the peasant is half starved, and we get it from our own agricultural labourers, whom we should like to see have much higher wages than they have. Now, if we were to refuse to buy our food till the wages of all those people were raised to what we think a proper limit, we should be in a very great difficulty. I do not see how it is possible for us to go into questions of that kind. Suppose that we refused to buy corn from the Indian "ryot" because we did not think that he got a sufficient subsistence, the only result would be that we should starve the "ryot" as well as ourselves. I was arguing this point the other day with reference to what passed at the Trades Union Congress. Somebody objected that they were using very cheap pencils that were made by Germans. My friend said we ought not to have done that, and I said what are you to do? Were you to refuse to receive the German pencils, what would be the effect of that. You would have much dearer pencils, and the German who made the pencils would lose his employment. You can see a very little way in this matter. You must, on the whole, in general be content to buy what is suitable for your purpose without going too carefully into the way in which it is produced.

7927. Your experience on the sugar question bears upon this, I think?—Yes; my point is that the Trade Unions have looked at themselves too much as producers, and that I hope they will learn from the co-operative stores to look on themselves as consumers also. Our workmen have very good sense, and I have no doubt they will come to a reasonable conclusion in the matter. What happened to myself in regard to the sugar question was an illustration of this point. The sugar question began with a declaration on the part of Baron de Worms, that he had got the approval of the Trades Unions of the Bill that was to stop bounties. That was in favour of the sugar producers of this country. A number of persons supposed to represent the Trades Unions had signed declarations in favour of the Sugar Bill, and it was represented, I think, by no less a person than Lord Salisbury, that 500,000 workmen in this country were in favour of the Sugar Convention. I do not suppose that at the time when these men signed that they in the least understood what the meaning of the thing was. The thing was discussed and got to be thoroughly understood, and eventually I got an application from one of the representatives of the great co-operative stores to say, "We have considered this "question—we as workmen have done so from "the point of view of consumers, and we are "satisfied that you are right in opposing the "Sugar Convention We have millions of "persons interested in our stores, and we will "agitate, and I will undertake to say that by our "pressure on members of Parliament we can "throw out the Bill." That is to say, that when the workmen began to see that their interest as consumers was greater than that of the few who were producers they threw over their leaders and opposed the Sugar Convention, instead of supporting it. I hope I have not stated anything in that which is in the least degree at all disagreeable or offensive to Mr. Mann; that is the last thing I should wish to do.

7928. I do not think Mr. Mann objects to criticism. You have also read Mr. Sidney Webb's evidence?—Yes, I have.

7929. Have you in the first place any general remark to make upon it?—I agree with him that whatever is done in the direction of government or collective management every step must be taken by itself, and judged upon its own merits. But as far as his ideal is concerned, I confess I think it is a dream, and to my mind a bad dream. I have already said I think that to eliminate individualism whether in matters of government or in any other phases of life is to reject one of the deepest and most important factors of human nature. Then as regards the facts he brings forward. They have relation to such things as gas, water, railways and tramways, &c., and he shows that the progress of society is in favour of Government management of these things. Well, that was a subject with which I had a great deal to do at the Board of Trade, and as long ago as 1871, I was struck with how very little applicable the individualistic economy was to these cases, and I wrote an article in the Quarterly Review in October 1871, pointing out the difficulty there was in dealing with these things, but it never struck me when I did that, that I was setting up a new philosophy. That article is contained in a chapter of a little book called "The State in its relation to Trade" (*handing in copy of same*). In chapter 10 of that I discussed the subject as it then appeared to me from experience at the Board of Trade, and the conclusions of the chapter shew that the Board of Trade had gone nearly as far as is gone now in the direction of collective action without any notion that we were preaching a new gospel or substituting collectivism for individualism. After having discussed the question at length the conclusions I came to were: "(1.) That in an earlier state of society the undertakings of which we are speaking"—that is these railways, tramways, gas, water, docks, highways, lighthouses, and some others—"were generally "established and maintained by some public "governing body, whether of the country "generally, of the districts or interests con-"cerned. (2.) That at a later period private "capital and enterprise came to the assistance "of Government, and did, and still do, what "Government never could or would have done." Therefore, as far as I could make out then, the progress has not been altogether in the direction of collectivism, but from collectivism to individualism, and then back from individualism to collectivism. "(3.) That at a later period "still, the evils arising from placing these

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"undertakings, which must be to some extent "monopolies"—that is the important feature in them—"in the hands of private companies, has "been felt; and that there is a tendency to "place many of them in the hands of some "public body—central or local. (4.) That whilst "harbours, natural navigations, many docks, "roads, and bridges, a few gasworks, some "waterworks, the Post Office, and telegraphs, "are now in the hands of the State or of local "governing bodies, many docks, all railways, "most tramways, and most gas and water works, "are in the hands of private companies." That would have to be a little altered now. "And, "further, that the capital invested in these "private undertakings amounts probably to "1,000,000,000*l*." That was at that time. "(5.) That there are many points in which the "interests of these companies are at variance "with those of the public; and that the con-"ditions which the State has imposed on them "for the purpose of preventing their monopoly "from being injurious to the public are still "tentative; that these remedies have often "proved inadequate, and sometimes mischievous; "and that whilst it is right and necessary to "impose some restrictions on them, yet without "great caution and wisdom such restrictions "are likely to be injurious to the public as well "as to the companies." We might get some illustration upon that point from what is now going on in the railway world. "(6.) That the "endeavour to get local authorities to undertake "these works themselves, and where concessions "are made to private companies to limit them in "point of time, as has been done in the case of "tramways and electric lighting, though as yet "experimental only, is a hopeful experiment." Then I conclude "The above are not the only "cases in which the State, as represented by "local public bodies, has undertaken to supply "commodities which are generally left to private "enterprise. By a variety of Acts passed within "the last 30 years, municipal authorities are "enabled under various conditions and restric-"tions to provide libraries and museums, "markets, slaughter-houses, baths and wash-"houses, and even in some cases dwelling-houses "for artisans and labourers. It is, therefore, "on the whole clear that if it ever was a "principle of English legislation that governing "bodies are not to become makers or sellers of "commodities, that principle must now be "adopted with large reservations. Where profit "can be made sufficient to tempt private capital "to embark in the business, and where competi-"tion can be relied on to prevent the evils of "monopoly, it is as true as ever that the public "is best served by keeping the trade in private "hands; but where these conditions are not to "be found, and where the matter is of such a kind "that a public governing body can properly "manage it, experience and analogy show that "there is no *a priori* or absolute objection to the "State, whether in the form of the central govern-"ment or of a local authority, acting as a trader "itself." Therefore, to some extent we did then anticipate Mr. Sidney Webb's views, but we did not wish to go to his lengths, or adopt his ideals.

7930. And do you still think that those are approximately the limits?—I think so. There is a great deal more in that chapter in which the whole thing is discussed, but I will not weary the Commission with reading it. I only quote it because so very much is made in all speculative socialistic books of the advance which has been made in this direction. I admit it, but I do not draw the conclusions from it which they do.

7931. Have you observed a want of accuracy of statement or composition in argument in them?—Yes, I have, very often. It seems to me that while the old economy was a science or attempted science which tried to investigate facts, the present socialistic economy is a sermon. The old economy tried to draw conclusions as to what was possible or probable as the result of a given course of action, whilst the modern socialistic economy is, as it calls itself, "ethical," and teaches what ought to be. My feeling about it is that whilst we may sympathise entirely with its objects we often find it at fault in not recognising the facts of the world, and therefore assuming it can disregard the limitations which arise from those facts. The old economy taught men to cut their coat according to their cloth, whereas the new economy teaches them to cut their cloth according to the fashion of their flounces. Then in matters I happen to know about, I find a good many inaccuracies.

7932. Are there a few instances you wish to give of them?—For instance, in the London Council, when there was a question of the Council doing work itself, instead of employing a contractor, Mr. Sidney Webb appealed to me as to whether modern science did not go in favour of a collective action in the matter, and he said that England was the only corner of the British Empire which was still benighted enough (I do not know whether he used that phrase) to leave railways in the hands of private companies. That seemed to me a very strange statement to make, when all the Canadian railways are in the hands of private companies. The United States is no part of the British Empire, but that great country has been made by railways and every railway is in the hands of private companies. That is also the case in South America. Then I would deal with question 3633.

7933. That is in the evidence given before this Commission?—Yes. He says, with respect to gas companies, "As a matter of fact in "London there were for a good many years "several companies who actually supplied the "same area," and he goes on, "It is not a monopoly." This is a mistake. Gas is a monopoly, water is not. London has been distinctly districted between the gas companies, and they have an absolute monopoly each in their own district.

Mr. *Courtney.*

7934. Is that always the case?—No, in the old times they did compete, and a very great nuisance it was found, and then London was districted so that each company had its own monopoly. The districting was confirmed by Act of Parliament.

7935. The first part of the answer is right therefore?—The first part of the answer is right. Then he says that the old-fashioned school of economists thought that was the most excellent arrangement that could possibly be made. I do not know where that is to be found. I know that John Stuart Mill did not think it an excellent arrangement, and I have never found any statement by the old economists to the effect that the competition of such bodies as that was a desirable thing. On the contrary every book that I have read in recent times has recognised the extraordinary difficulty of dealing with these matters mainly on the ground that competition does not afford a means of settling the question. Then question 3779, that is rather important from the view of some. He says, "The Customs Department and the Board "of Trade, and the Commissioners of Police "have put clauses into their clothing contract "which are very useful." That refers to clauses stating what the rate of wage is to be, the fair wages clause, which is now inserted in most contracts on a resolution of the House of Commons. It does so happen, that in the case of the clothing contract of the Commissioners of Police, this was not done, and it is a very curious case, because Mr. John Burns quoted that as an excellent contract in which this clause was inserted. But I got from the Receiver General of Police his contract, and it had no clause of the kind in it. It is a contract in which they all say works admirably, and the Receiver-General of Police says he is open to any complaint on the part of the workmen who make the cloth, but he gets them very rarely, and he says that the whole thing goes on perfectly satisfactorily, but that as his contract was made before the resolution of the House of Commons it contains no clause whatever about payment of fair wages.

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7936. Then the next question?—There is a curious statement in the answer to question 3793. He says it is easy to urge the Government to pay higher wages. Of course it is easy for the voters of any particular place to exercise pressure through their members. We have constantly heard that at the dockyard ports pressure was put by the workmen there upon the member to get works done which the Government would not otherwise have done, but that is always looked upon, not as an advantage but as very much the reverse.

7937. I understand that the fact which is very easy to urge as to making them pay proper wages was quoted by Mr. Sidney Webb as proving the condition of Government establishments, was it not?—It was. He said: "If the Deptford Dockyard had been let out to "contract as Mr. Cobden, and I apprehend the

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"economists at that time, would have recom-"mended, it would have been very difficult to "urge the contractor to pay high wages. But "it is very easy to urge the Government to "pay proper wages." No doubt it is through the action of the voters, but whether that is an advantage or not may be a question.

7938. Then go to question 3865?—The question is: "Would you supply means of "travelling—tramways, for instance—free?—(*A.*) "I believe taxes on locomotion are universally "condemned by economists nowadays, and I "have never been able myself to discriminate "between the twopenny fare and the one-tenth "of a penny tax which may be levied on that "fare." It seems to me to be a very strange statement to say that you cannot distinguish between profits and a tax on profits.

7939. Then question 3877?—Question 3877 is: "Is not your assumption in proposing this "municipalisation of industrial work that the "municipality, being the body elected by the "ratepayers, is capable of managing all these "concerns properly?—(*A.*) Not because it is a "body elected by the ratepayers, but because it "is a body having no private interest to serve, "concerned only for the public good, and I "should say which usually in the case of an "elected body has the advantage of democratic "election." But if it is the fact that the voters are the persons to whom the wages should be paid, and that they can exercise an influence upon the members of the Council, I think that great advantage to a great extent disappears. Then as to question 3890, he says the rates may become 20s. in the pound, and there is no objection to the London County Council taking over the reversion of the estate of London. Well, that is a startling statement, and it is perhaps hardly worth while, of course, to state Lord Hobhouse's experience. He was chairman of the Corporate Committee which has to manage the small property that the Council now have, and Lord Hobhouse's experience was that it was far from satisfactory to rest upon the opinions of people whom he did not know whether he could trust or not, and in his opinion the less of property that the London County Council had to manage in that way the better. Then in questions 4012 and 4013, Mr. Sidney Webb attributes the evil of the former state of things at the Liverpool Docks to indirect election. That was not the case at all. The complaint at Liverpool was not of indirect election; the complaint there was that the town for their own purposes taxed the trade of the country in order to relieve the ratepayers of Liverpool. I was a party to the whole of the conflict about the Liverpool Town Dues, which ended in the formation of the present Mersey Docks and Harbour Board. It was one of the first things I had to do with when I was at the Board of Trade, and I can speak to the fact that it was the domination of the Town Council which was objected to by the trade. These are small points. It is Mr. Sidney Webb's general views that I have the greatest objection to. I differ

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from him completely on the subject of his ideals, but we work very well together upon practical matters now going on in the Council.

Mr. *Bolton.*

7940. I have just one or two questions to ask. I think, in referring to sweating you said you do not approve of that?—Oh, no.

7941. But you also disapprove of the attempt to dictate to sellers the conditions on which they shall produce the article which they sell?—What I disapprove of is rejecting the article sold whether by protection or in any other way because we are not satisfied that the conditions under which it should be produced are what they ought to be.

7942. And you illustrate that to some extent by suggesting how inconceivably absurd it would be of them to refuse corn grown in Russia for example?—Yes.

7943. Do you recollect a time, I think it must be getting on to 50 years ago, when an attempt was made by Parliament to prevent the introduction into this country of an article of food grown under conditions which we did not then approve of?—I just remember, but only indistinctly, the controversy about slave-grown sugar.

7944. Exactly, that is it; slave-grown sugar was not actually prohibited, but according to law an increased duty was imposed upon slave grown sugar as compared with free labour grown sugar and I think Parliament only persisted in that for about a twelvemonth?—Yes, I think Sir Robert Peel did away with it, but my recollection is indistinct.

7945. I think that was in 1846?—Yes.

Mr. *Tom Mann.*

7946. The point of greatest importance to my mind in your evidence was your admission that fluctuations in trade and therefore in work are very serious indeed?—Certainly.

7947. And I presume that that admission means that therefore you consider that it is necessary that we should give attention to the causes of those fluctuations?—Anything that we can do to remove them we certainly ought to do.

7948. And one remedy that was suggested was the punishment of those who issued bogus prospectuses?—Yes, because I think that unsound speculation is one of the chief causes of flunctuation.

7949. And respecting the ports I understood you to endorse the advisability of a more effective organisation, especially as to the Port of London?—Yes, in the Port of London. Other ports I do not speak of, I really hardly know their condition at the present moment.

7950. What would be the object in trying to bring about more complete organisation in the Port of London?—It is a very complicated subject, and it would have to be dealt with a great deal of care, and I am not sure that I should do wisely in attempting to go fully into it now, but the Thames Conservators in the

Mr. *Tom Mann*—continued.

first place are not as representative of the interests concerned as they ought to be. Then the functions of Trinity House on the River very likely ought to be transferred to the same body. Then there are functions of the Thames Conservators with regard to the Upper Thames. They concern the interior of the country generally much more than they do the Thames Conservators, and might well be transferred to some other body. Putting them into the hands of the Conservators was a mere expedient a *pis aller* because it was not known what to do with the Upper Thames. Then the city of London now have control of matters relating to health within the Port, and probably it would be desirable to consolidate that in the same governing body. There are several other functions I have no doubt that might be very properly consolidated and the body made much more representative than it is. The city of London has probably too large a share in the present representation of the trade and labour of the port too little.

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7951. Let me ask this question here. Do I understand that in the Port of Liverpool the docks and wharves and the whole port is managed as one concern?—Yes, both that and the Birkenhead docks; the docks of Liverpool, and the docks of Birkenhead are all managed as one concern by a public trust.

7952. When you speak of desiring that the control should be in one body when you say there is room in the Port of London for reform you do not contemplate anything of that kind such as managing the whole Port of London as one financial concern?—Oh no, I think that would be impossible, considering the number of interests. There are besides the dockers the wharfingers, some 140 in number, and they would have to be bought out.

7953. That is not what you are looking to?—No, I am looking to the control of the waterway. There is another thing which might possibly be done hereafter. Supposing you have got a good body representing the navigation and control of the waterway it might be a further question whether at some future time it might not be desirable to put the docks into their hands, but that is a question for future consideration.

Mr. *Tom Mann.*

7954. In Liverpool the control is in the hands of the Mersey Board and Harbour Trust, I think?—Yes.

7955. In Glasgow the docks of Glasgow are controlled by the Glasgow Navigation Trust?—Yes, that is a public trust. The Scotchmen long ago made it so.

7956. And those are two well-conducted ports?—Extremely well conducted.

7957. Then if they are well conducted it is in consequence of the collective fashion they are conducted in?—I should rather say, in consequence of the bodies being representative of the trade which uses the port.

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7958. And they are amenable to whom?—To the dock ratepayers. I do not remember what is the constitution of the Clyde Trust accurately, but the Mersey Trust are elected by the persons who pay the rates of the docks and harbour.

7959. What becomes of the profits made by those boards?—They make no profits. They have a large debt on which interest is paid, but there is no profit. It is a public trust.

7960. And if they did make a profit what then?—I suppose they want all the money they can get for the improvement of the port and harbour: and subject to that they would reduce the dues.

7961. Do you know whether or not there is anything in their constitution that prevents them from allotting anything to profit?—Yes, I think the very nature of their constitution prevents them from doing it. I speak positively to that.

7962. So that in that case they do not seem to rely upon that stimulus of personal gain?—No, that is perfectly true, but then one must remember that it is not a new enterprise, and I have been endeavouring in what I read here out of my book to show, (and if you would read that chapter at length you will find it more distinctly stated) that there are certain cases in which you must trust to other principles.

7963. I quite understand. I wanted to see how far there was a real difference of principle in that, which I understand you to have advanced as distinct from that?—The two cases mentioned are typical of many.

7964. In fact in regard to the ports of Great Britain, save London, as these ports are conducted on the plan of common control as against the individualist plan which prevails in London, they are conducted in a superior fashion, and as they have not the stimulus of private gain I wanted to know whether you could see any real objection to the principle being applied to London?—I should see no objection in principle. It is rather a difficulty of getting it applied.

7965. Not a difference of principle?—No, I do not think it is.

7966. As regards the principle that is quite permissible. I think you did say in one part of your evidence that it was a case of expediency largely?—Quite so, entirely. Will you allow me just to say that there is this great difference between London and the Mersey, that you have the wharfingers with their private wharves all along the river, which are very much more difficult interests to deal with by a public body than is the case with the Mersey.

7967. That leaves the principle unaffected, and it may or may not be even more expedient?—Quite so.

7968. I understood you to say that one reason why you could not see your way clear to endorse that which had been proposed respecting the docks was, that it would throw many men out of work?—I quoted your own evidence.

Mr. *Tom Mann*—continued.

7969. That of course is merely incidental?—Yes, it is only important with a view to the quantity of labour that could be employed.

7970. Quite so; it is merely incidental?—Yes.

7971. Then with regard to the overcrowding that you laid emphasis upon. That, again, is merely incidental—the possible overcrowding by the concentration of trade?—It is incidental to this particular scheme.

7972. Quite so, but not with regard to the control of the port?—Oh, no.

7973. And the same applies to the danger to navigation that you mentioned?—Yes, but you must take the Thames, of course, as it is. There is no reason why the public authority should not control the waterway.

7974. Neither, I presume, is there any reason why any authority that controls them and the waterway should not make that waterway properly navigable the same as they have done on the Clyde, and at Belfast, and other places?—Certainly.

7975. Then, with regard to management, we get to this, that there is no difference of principle, and indeed, inasmuch as the principal ports of Britain are now conducted on this common or collectivist plan as distinguished from the isolated plan that prevails in London, and as they are better conducted than in London, experience and expediency would seem to suggest the advisability, would it not, of our endeavouring to control the port of London in a similar way to these principal provincial ports?—I can have no doubt that the harbour and river ought to be controlled by some public trust. But as to the purchase of the docks by such a trust it is a question of expediency. The docks have always been in competition with the wharfingers, and if you buy the docks you must buy the wharves.

7976. But that is again merely incidental to any proposal that might be attempted to be carried out, and those difficulties or difficulties of a similar character did exist in many other ports, not quite so much perhaps. But I wonder whether you had in your mind at all the evils of fluctuation as they affect the worker in the Port of London?—I have read your evidence very carefully and with much interest.

7977. And you have said that it is quite right that we should try to minimise the evils in that direction?—Yes. I am not capable of judging as to how far concentration would remove the evils. I should not like to give an opinion.

7978. Dropping the concentration principle, let us deal only with the question of management?—Yes.

7979. From the manner in which you have expressed yourself, I think you would like to see labour steadied?—Yes.

7980. And have a workman's income made regular?—Certainly.

7981. Perhaps you are aware that it is impossible under existing conditions in the port of London for many workmen to get

Mr. *Tom Mann*—continued.

anything approaching a regular income?—I am afraid so.

7982. And if after proper investigation no ill-considered measure (that is, of course, not proposed, and I do not think it can be found in any evidence that has been offered this afternoon) were put forward, and if no has tyor ill-considered proposal should be accepted and acted upon, but after due investigation, and if it should appear advisable to adopt a common plan of control as against the existing method, I presume you would favour that?—Certainly, and I should be only too glad if it tended to diminish the fluctuations of trade.

7983. Inasmuch as you express yourself in that way, and recognise the evils of fluctuation, which means, of course, taking away the very life and means of sustenance from a family, let us now take that principle from the docks and apply it to trade generally, and if there are various trades in London that are now conducted on the principle of private enterprise which results in such serious dislocation as to positively take away the means of sustenance or so as to prevent many men from getting the means of sustenance, is not it then worthy of serious consideration, do you not think, as to whether or not we could try some similar plan of common control in these trades?—It has not been proved to my satisfaction that such management, even in the case of the docks, would prevent fluctuations. It is quite possible that they may be due to causes which no central body would be able to control. I do not wish to give an opinion upon that, because I have not examined it, but with regard to other industries I have no *a priori* opinion that with regard to any particular industry it might not be managed by Government. But if you speak of all industries, then I say at once you would probably be forfeiting more by giving up individualism than you would gain by central control.

7984. I want to ask you to concentrate your attention briefly upon a portion of the evidence which I had the honour to give in that chair, and in that evidence there is nothing in it favouring any wholesale or hasty application of the collectivist principle to the whole of the trades of the country. On the contrary, you will find this, I believe, that where we find the present system to fall short by causing or permitting the most serious fluctuations to take place, that men with their families are positively prevented from obtaining the necessaries of existence, then the time has arrived as a matter of principle and expediency, to try and adopt other methods, such as the plan of common control, if we were sure that those other methods are tolerably sure or will diminish or put an end to the fluctuations of which you speak, and if in doing so they will not produce greater counterbalancing evils?—I go as far as that.

7985. Quite so. Then I will put it in this way, that if those who are the workers themselves suffer and suffer from positive lack of food, is it not our bounden duty as men of honour to try to advocate the principle to which

Mr. *Tom Mann*—continued.

I have alluded as strongly as we may?—Fluctuation occurs not only in the docks of London. The fluctuation of trade is an enormous evil. But then you must go to the very springs of the matter and consider whether collective action would prevent those fluctuations, and consider what are the springs of business. That is what I have endeavoured to do by referring to the financial position of the city of London, and the influence of capital and of credit.

7986. Yes, and I was desirous of ascertaining whether you had any other proposal to make than that as to the mere punishment of those who put forward bogus prospectuses. Seeing that the evil does exist it must be dealt with, I presume. At least those who suffer from it feel that it must be so?—All human things are extremely imperfect, and you must take care in attempting to tackle a very great evil that you do not introduce greater evils, or that you do not in attempting to cure the disease kill the patient.

7987. No doubt you would credit those who were concerned in the advocacy of the principles with good faith?—Absolutely.

7988. So that it throws it back upon expediency and necessity?—Yes, expediency. Will you allow me to say with regard to the question of analogy between the docks and the wharves and other industries, that I have spent years in trying to find out if I could the limit between Government action and individual action. I thought it might be possible to do it and I totally failed, and came to the conclusion that it was a question of expediency, and you will find all that I could say upon that subject in the 10th chapter of this little book, which I shall be happy to leave with you.

7989. Respecting that French dictionary which you quoted from, the exact title of which I forget, the statements made there are scarcely true of to-day?—Of course France has very much improved her position since that time, but the observations apply more to an inchoate industry than to one which is thoroughly well established. It would be a much easier thing for the State to take over the railways at the present time than for the State to have introduced railways.

7990. And as he has mentioned harbours, roads, and bridges, I presume those are directions in which we could point to the collective action and things which resulted in great success?—I believe in the cases of bridges and roads the collective action preceded individual action.

7991. I notice that in one part of your evidence you emphasised the necessity for capital?—Yes.

7992. And whilst dealing with that evidence which was put forth by myself I do not think you had any occasion to suppose that I had ever combatted the necessity for capital?—No, I do not think you did. I am not aware that you had, but of course the question would be whether the capital was to be private capital or the capital of the public.

Mr. *Tom Mann*—continued.

7993. Quite so—they control the capital and divide the advantages of it Then with regard to new inventions, they require development. I think that was admitted in all the evidence submitted by myself, and not only that, but it was urged very strongly that greater facilities should be afforded?—Yes, you did; but we differed, inasmuch as you thought it could be done better by municipal or national authority, while I am very strongly of opinion that it can best be done by the individual. I think that is where we differ about it. We both agree that they want assistance.

7994. Did you observe that the contention was this rather, that the existing system does not admit of the full utilisation of the advantages already obtained in certain quarters, and that there is no proper and thorough application of the knowledge we already have?—I am quite aware that it is the interest of a manufacturer who has a mill say, or a plant of his own, not to see an improvement rather because it would cost him money to introduce it, but then under the present system his neighbour introduces it and forces him to introduce it.

7995. And no doubt you are also aware that it is not very often to the interests of the workmen that they should bring out special proposals even though they are well able to do so, when the prospect in front of them is dislodgment from their employment. That has not come within your experience, has it?—No, that has not come within my experience. I can quite understand that the first view of the workman would be "This will diminish my labour."

7996. Now, respecting agriculture and the production of food, you do not find anything I think in my evidence to the effect that it was desirable that we should refuse to obtain food supplies from Russia?—No, I observed that you most carefully avoided any such conclusion as that, but you looked forward to some distant future, if I remember, in which England would produce enough food, or nearly enough food, to feed herself.

7997. I think that followed upon some such question as this, that there was possibility of certain trades declining in consequence of the natural development of industry in other countries, with which I think you agree?—I agree to this extent that I think there are a great many manufactures which other countries will learn to carry on as well as ourselves, but it is a race, and as things never stand still, and as England has a great advantage in her courage, her capital, and the excellence of her workmen, I think she will still continue to keep ahead in the race, and if she does not supply what she has already supplied to the world, she will supply something else.

7998. At any rate it is reasonable to suppose that some of the industries will decline in consequence of the development in other countries of those industries?—Yes; for instance, it is quite clear that the coarser developments of the cotton industry in Lancashire are decreasing and are being taken in hand in India. That is a case in point.

7999. Assuming that there should be land uncultivated or improperly cultivated, would there be any objection to its being properly cultivated?—It is most desirable that it should be properly cultivated if it pays to cultivate it.

8000–1. I think that amounts to the whole case as contended for by myself. I want now only to ask one question concerning the action of the County Council *re* the dredger?—The Woolwich ferryboat.

8002. Yes. The order went to the Clyde?—The order went to the Clyde.

8003. That was opposed by a section of the County Council?—Yes.

8004. And you held that up as a specimen of bad policy?—No, what I held up as a specimen of bad policy was the recommendation of the Committee that we should take the dearer tender of the Thames and refuse the cheaper tender from the Clyde. I think the Committee were wrong and that the Council were right, I was not present myself so that I have no credit for it at all, and I had nothing to do with it. It was done while I was away.

8005. I think you have endorsed the general principle of trades unionism?—Yes, I think the Trades Unions have been useful.

8006. You would give them encouragement rather than otherwise?—Yes.

8007. It seems that they are doing something towards improving the condition of labour, and something which results in a decided improvement in the conditions of work?—Yes, I daresay. I am upon ground which I do not know well, but I have no doubt that like all human institutions there are some drawbacks as well as advantages in Trades Unions.

8008. I am quite prepared to admit of many, but I think on the whole they may be approved of?—I think, on the whole, they have done good service.

8009. You recognise that the principle that prevailed during the last election of the county council was that the condition required was that trades unionists should be respected. I think you remember that that was it?—I was not in England at the time of the election, and I know very little about it I am an alderman, and I do not owe my place to popular election.

8010. But you are aware that there was a certain policy which prevailed, and that the advocates of that policy in the main succeeded in obtaining seats on the London County Council?—Yes.

8011. And that that policy was decided by the ratepayers?—By the voters—by the ratepayers that chose to vote.

8012. Quite so; those that chose to vote. Now, if we approve of trades unionism in principle because of the good it does, and the ratepayers of a given district say, were to endorse those principles, and they decided to send men to the Council of London to govern London's affairs on the strength of them respecting these principles, do you see any

Mr. *Tom Mann*—continued.

reason then why you should object to the application of the principle?—No; but I should like to know what those principles are which the voters insisted on. It is still in the hands of the voters. I may be entirely wrong in all I have said as to what has been done, and it may turn out perfectly well, but if it should turn out badly, and if it should turn out that the Council are entering upon a dangerous policy, then, when the results of that policy come to be seen, it will be for the voters of London at some future election to say whether they approve of it or not.

8013. I am one who would like to learn from you very much, if I may say so, and I have paid close attention to your criticisms, and I want to learn from them. I have also noticed, if I may say so, your behaviour on the County Council, and especially respecting this particular case, *re* this ferry boat. Now, as you have endorsed the principle and practice of trades unionism, that warrants me as a workman who desires to learn from you, in putting it into practice in a given trade in London. We get the conditions of labour raised to a certain standard, and on the strength of that we elect councillors to go to the London Council or to carry out those same principles. Then they require a certain ferry boat, which London workers are capable of building and London employers are capable of contracting for, and if the councillors should behave in an honest way towards those who elected them, ought not they then to give that order under the conditions upon which they were elected?—I do not know what the conditions were.

8014. That they should respect that principle of trades unionism in fixing the rate?—It is not a question of fixing the rate; it is a question of buying a boat in one place or another.

8015. To me it is an important case. You have endorsed trades unionism, and you are a member of the Council, although an alderman, and the policy laid down by the ratepayers of London was that Trades Union principles should be respected, and on the strength of that policy the majority of the council were elected?—I want to know what you mean by Trades Union principles. If you mean by them——

8016. I do not want to define them particularly. I see you have a sufficient knowledge because of the evidence you have given already concerning these wage clauses. I mean respecting these fair wage clauses that their principle should be carried out by the majority, but they were not respected in this case?—I should be very much astonished to hear that the members of the London County Council or the majority of them had given anything in the nature of a pledge to their constituents at the last election that they would confine their orders to London workmen or to contractors approved by London Trades Unions.

8017. If they had so done they would have been very unwise, and certainly I should not have adopted their principle, but I am trying to deal with this particular case of this ferry boat, and I want to see whether or not the councillors were wrong whom you have mildly censured, and you right, for taking the opposite ground, because I desire to learn a lesson from this argument. Those principles upon which those councillors were elected were that they should respect the principles laid down by trades unionists amongst others. Then when the order came for this ferry boat——?—Let me stop you there. Do you suppose that any general pledge of that kind was given by any member that he would adopt all the principles, which means all the rules of the Trades Unions?

8018. No; what I did at all events mean to say was that the trades unionists, through the agency of their various committees and as voters, submitted to the respective councillors a given programme, including this fair wage clause. And this was accepted by the majority of the candidates and they were elected on that programme, and then they were called upon to decide whether this particular order should be given out of London or not. The men whom you have mildly censured, said in effect this, that in regard to the engineering trade as an instance this affected them as relatively strong in London and as relatively weak on the Clyde; the standard of living is much cheaper in the one case than in the other, and London councillors who were elected upon the London County Council were in honour bound to act upon that principle?—It is a very good illustration of the case. It is a case where, according to the view of Mr. Burns, it was to be made a condition, that all the work that was wanted by the Council should be subject to the rates and rules of the London Trades Unions. We raised the question and said at once, "That is protection pure and "simple, because Trades Union rates in London "are higher than the rates in the country, and "what that means is, that you are to exclude the "purchase of things that you can get cheaper "and perhaps better elsewhere." I remember particularly that one question mentioned in the discussion on Mr. Burns' resolution was whether under that resolution a vessel could be purchased on the Tyne or not. That is precisely the case that has now arisen in reference to this ferry boat. The Council decided that the Trades Union rates that were to be observed were the Trades Union rates not of London, but of the place where the contract was to be executed.

8019. I quite understand what you mean, but I must carry you through this particular part of it further. Those London councillors were elected by the London workers amongst others upon the London programme, and it was never contemplated, so far as I understand it, that the work given by the London Council should be limited for its performance to the metropolitan area. It was a question of compliance with the pledge they had given to those who elected them, and then the carrying of that out in spirit was this, that they could not in honour go to the Clyde, where the proportion of the trade unionists was very low, leaving their district where they were elected where the principle of trade unionists was relatively high?—That may have been the ground on which the labour members acted, but

Mr. *Tom Mann*—continued.

that was not stated in the committee's report. It was that they wished to give work in London rather than work on the Clyde, and upon that ground, as far as I understood, I not being present as I told you, the Council decided by a very large majority against the proposal of the committee. Therefore, I do not think the large majority who voted in the matter can possibly have considered themselves pledged to adopt what you are now speaking of as the Trades Union principle.

8020. What I would like to know from you, is, who departed from the honourable principle, the men who were in the minority or the men who were in the majority?—You must show me what the majority had pledged themselves to. I do not believe they had pledged themselves to anything of the kind, and I should be very much astonished to see that they had.

8021. As I have suggested it, I can do nothing further now. You would not deny that they were elected upon a good programme including a fair wage clause?—That is quite a different thing.

8022. You will admit that that is so?—Yes, but I do not know anything about it. I really cannot tell you about it. I was not a candidate for the Council myself.

8023. But you were an alderman of the County Council?—Yes, but I was not in London at the time of the election, I was lying with a broken leg in Italy.

8024. Have you not taken part in the discussions habitually in the County Council?—Yes.

8025. And is not it a matter of common knowledge that this fair wage clause was insisted upon as a matter of principle?—I know nothing about that. I have acted perfectly independently.

Mr. *Plimsoll.*

8026. I should like you to give your opinion to the Commission as to censorship. It is within your knowledge that a vast cloud of lying prospectuses are spread broadcast over the country to induce people who have limited capital to trust their capital with those who put forward the prospectuses?—I think that is exceedingly probable from the number of papers which I get and which I throw into the waste paper basket.

8027. Do not you think that we could supplement the laws that punish fraudulent company managers by having a censorship of those prospectuses?—I will not say that; that is a very serious question, but I would not only make everybody liable not only for a false statement, but think that everybody who put his name to one of those prospectuses should be liable for every statement in the prospectus which he could not show that he had taken proper means to verify.

8028. I do not think we have much to complain of in the administration of the law as it relates to those people after all, but I want that the small capital of the small capitalist should be protected before it is subscribed, and that these prospectuses, for instance, should be

Mr. *Plimsoll*—continued.

submitted to examination, something like the examination that they undergo when the company breaks down and the mischief is done. I am aware that it may be objected that such censorship would seem to imply some guarantee of those prospectuses which passed scatheless through it, but I think that that evil would be a much less evil than the existing one, which results in the plundering of such a multitude of people every year. Do you not think it would be possible to have some censorship of those things and prevent their publication under heavy penalties until the principal and crucial facts and the statements in them have been subjected to some kind of examination?—I do not know. I never heard the proposal made before, and therefore I do not like to give an off-hand answer upon it, but I should have looked with a great deal of consternation on the proposal if I had been at the Board of Trade and had to work it.

8029. No doubt; but I can see myself that it might be objected (the Board of Trade has often objected to taking a responsibility, and I think has sometimes shirked its duty in that particular), but I do really think that statesmen ought to provide some protection in favour of the poor people that are so apt to be induced into parting with their money by lying prospectuses that have good names upon them?—The bearers of good names ought to be ashamed of themselves and ought to be punished if possible for allowing their names to get there.

8030. Sometimes they are. I remember reading a leading article in the "Times" 30 years ago about a member of Parliament who was also a Roman Catholic (I do not know whether that has anything to do with it), but his name was put as the director of a public company. The qualification was given to him, and he never attended the meetings, but simply sold his name and did not put a penny into the concern, and did not devote an hour to its management, and he had no knowledge of the business that was being undertaken, and I remember being delighted with the thorough manner in which the "Times" castigated this honourable member for selling his name, for that was what it was?—Yes, that is a great evil, the selling of names.

8031. Now, to pass to another subject. You are quite aware that an immense quantity of foreign food is imported into this country, and that we supply tens of millions per annum (I do not mean simply corn which we have not the area to grow, but I mean such things as eggs, butter, cheese, and fruit, and things of that kind) in the purchase of them. Is it your opinion that any change in the law as between landlord and tenant that would tend to develop the cultivation of these minor products which in the aggregate amount to such a large sum might not give greater facility to their production?—I would rather not give an opinion upon that. I am not an expert on the law of landlord and tenant.

8032. I cannot ask you for any opinion if you are not prepared to give it. But still it

Mr. *Plimsoll*—continued.

seems to me a deplorable thing. I think that English tenants can cultivate nothing scarcely but what has to be sown and grown and reaped in a year, whereas if they could extend their capital in the production of those other things that require a longer period for their maturity, and spend their capital with full security of its being returned to them in case they left their holdings. I imagine therefore ——

Duke of *Devonshire.*

8033. If Sir Thomas Farrer is not going to answer the question we can hardly discuss it?—This is not a question I have considered.

Duke of *Devonshire.*

It is hardly relevant to our inquiry, I think.

Mr. *Courtney.*

8034. I am not quite sure that I got to the bottom of the question between you and Mr. Mann is respect of the purchase of that ferry-boat. Was the point raised in the County Council that the one ferry boat would be made in London under conditions of fair wage, and that the other would be made on the Clyde where there was no assurance of fair wage?—I can put in if you like the report of the Committee and the report of the discussion in the Council as given in the "Times" newspaper, or I can read so much of them as is pertinent to the question.

8035. I think we can trust your memory as to that point?—There was nothing whatever that I have been able to find in the report of the Committee about fair wages at all. There was a great deal of discussion in the Council, and Mr. Grosvenor, who was chairman of the Bridges Committee, said this—I think the best thing I can do is to read what they said—I will read so much of the report of the Committee as refers to it:—"We have twice considered carefully "whether we ought to recommend the Council "to accept the tender of Messrs. W. Simons and "Co."—that is the Clyde contractor—"who "have sent in the lowest tender, and who we "are informed are quite capable of carrying out "the contract, and we have both times decided "by large majorities that we ought to recom-"mend the acceptance of the tender of Messrs. "R. and H. Green, who have sent in the lowest "tender of any firm in London, upon the ground "in addition to the reasons above-mentioned, "that the first duty of the Council, having "regard to the depressed condition of labour in "London at the present time, is to give to "London firms what work reasonably can be so "given in preference to sending it to be done "outside" That is the Committee's report. "We therefore again submit our former recom-"mendation"—that is, that Messrs. Green's tender be accepted. Then Mr. Torrance gave notice, "That the recommendation be referred "back to the Committee with an instruction "that the tender of Messrs. Simons & Co. be "accepted, provided that the usual inquiries "result in showing that their position and "standing are satisfactory." Then Mr. Grosvenor in proposing this said—"They had no "doubt whatever as to the sufficiency of Messrs. "Simons & Co., a firm on the Clyde, to carry "out the contract if it were given to them. The "Council, however, had given an instruction to "its committees that wherever possible they "should push forward works which they had in "hand, and he thought it would appear outside "the council rather strange if they decided to "send the work to Glasgow. It was said if "they gave the contract to a London firm they "would get no more tenders from firms outside "London. That, no doubt, was a very specious "argument, but he for one did not hesitate to "say that in his opinion London work in the "first instance ought to be offered to London "contractors, and if those contractors were "foolish enough to form a ring to put up the "prices of the council's work it would be quite "within the power of the Council not to accept "any of their tenders, but to offer the work to "firms out of London, and in that way to check-"mate them. The amount for which Messrs "Green tendered for the boat coincided almost "exactly with the estimate of their own "skilled officers as to what it ought to "to cost; therefore there was no suggestion that "they were giving Messrs. Green the contract "ridiculously in excess of what the boat ought "to cost." Then as to Mr. Torrance, I need not read his arguments because we all know them, or Mr. Arnold's argument who argued in favour of Mr. Torrance's motion. Then here is what Mr. Burns says, and you would hear from him if from anyone what the views of the labour members were. "Mr. Burns maintained that "the wages account on this contract would be "nearer 8,000*l.* than 4,000*l.* Mr. Arnold wanted "Londoners to continue to subject themselves "to the provincialism from which they had "suffered in every department far too long. As "to Mr. Arnold's suggestion that 1,500*l.* should "be given to the unemployed, such an offer "would degrade the donor and demoralise the "recipients. He did not care whether it was "Mr. Arnold, Mr. Arnold White, "General" "Booth, or anybody else; if they tried to re-"lieve the distress of the unemployed by "charitable gifts or voluntary contributions, "they would be demoralising the men whom "they sought to help. They might assist them "by genuine reproductive work, which the men "would prefer to charity. When it was best in "the interests of the community, he admitted "that he was a protectionist, and when free "trade was unobjectionable he would be a free "trader. The outcome of Mr. Torrance's view "meant sweating, as it existed in the East End "of London and many parts of Scotland. "Speaking of the observations which had "been made with regard to Scotch firms, he "remarked that too frequently Scotchmen were "a nation of blacklegs who indulged in some "of the worst forms of sweating. He was one "of those who believed that Scotchmen had had "quite enough out of London in the past, and "he was not anxious that they should have any

Mr. *Courtney*—continued.

Mr. *Courtney*—continued.

"more. In his opinion London men ought to "have a preference, especially in times of great "distress. Mr. Torrance had said that 30 per "cent. of the shipwrights on the Clyde were out "of work, but they ought to remember that 45 "per cent. of the shipwrights in London were "at present unemployed." Then "Mr. Stead-"man stated that there were 1,500 shipwrights "in London, of whom 60 per cent. were un-"employed. He alleged that in some under-"hand way a member of the committee had "made known to Messrs. Simons that their "tender was the lowest." Then there is further argument in favour of the amendment.

8036. If I understood Mr. Mann aright, and he can correct me if I am wrong, the position he took was this, that large numbers of members of the Council were elected on the policy of maintaining fair wages, and that in buying a ferry-boat made on the Thames they had through the action of trades unionism the security of fair wages, which they would not have in consequence of the weakness of Trades Unions on the Clyde, in buying a ferry-boat made on the Clyde. But from what you have read that point was not raised in the course of the discussion ?—As I tell you, I was not there, but as far as I know it was not raised.

8037. It turned purely on the propriety of giving the London workmen work ?—Yes.

Mr. *Tom Mann.*

Would not you gather that from the report which you have just read of Mr. Burns' speech. I would like to ask where the point comes in, in the argument used in saying that so-and-so was a nation of blacklegs, if that is not the argument it is difficult for me to see where the argument lies.

Mr. *Courtney.*

8038. With respect to fluctuations we are agreed it would be very desirable to get rid of fluctuations of employment. Many fluctuations, however, must depend upon the season ?—Certainly, that is one of the causes.

8039. Fluctuations of the primary labour—the labour of the agriculturist ?—Undoubtedly. The seasons used to be the chief cause of fluctuations in the old days.

8040. And so seasonable arrivals in the Thames must greatly affect fluctuations here ?—Quite so.

8041. Greater economy in the arrangement of business might modify these fluctuations, but they must still exist whatever is done ?—I think there must be always fluctuations. I am afraid that is so.

8042. But perhaps the severest fluctuations are those which arise from depressions of trade, which I gather is your view ?—Inflation and depression.

8043. And that is an inevitable consequence of individual enterprise ?—Yes, and of the system of credit.

8044. But you face that because you look under any attempt to carry out the machinery of production by collective organisation to deadness and possibly arrest of employment permanently ?—Yes, in trying to extirpate the disease you will destroy the life.

8045. The savings which are now effected yearly get collected and employed through the agency of finance companies or trust companies in industrial enterprise ?—Yes.

8046. Sometimes rashly ?—Certainly.

8047. Followed by depression ?—Yes, certainly.

8048. But the benefit secured by the first is so essential to the conduct of society that you must face the consequences ?—Certainly.

8049. Now you referred to Mr. Chamberlain's Bankruptcy Bill as possibly correcting fraudulent or improvident speculations ?—To some extent.

8050. It is said we have for some time been suffering from the excessive speculation brought on by and ultimately producing the stoppage of the great firm of Barings. Have you got any means whatever under an individual system of correcting such a mischance as that ?—No, I do not think I have.

8051. No extension of the idea of bankruptcy or bankruptcy dealings to meet it ?—I do not think they could. It would be very difficult to say there was anything criminal there. Of course there are two opinions in the city of London as elsewhere, as to the policy of upholding Barings, as to whether it might not have been better on the whole in the long run to let Barings fall and feel the whole consequences of the unsound speculation at once.

8052. But that is a separate matter ?—That is a separate matter.

8053. That is as to how the matter is to be dealt with when it arises ?—Yes.

8054. But going back to excessive confidence, Barings was apparently sincere, and they suffered from it themselves ?—Certainly, and I think their suffering from it is the best security.

8055. Against a repetition ?—Against a repetition. In all these crises you have one cause after another, but you seldom have exactly the same cause repeated again.

8056. Do not you have every ten years or so the repetition of over-confidence ?—You have over-confidence certainly, but what I mean is that the particular form of over-confidence is different. You have at one time a too great and extensive issue of small bank notes and at another time such a failure as that of Barings or Gurneys.

8057. Does it make much difference whether the confidence takes the form of speculation in hops or in Argentina ?—No, it only illustrates the difficulty of advising on a remedy.

8058. You have no belief that you could organise a state agency which would be able to do what Barings did for generations to the credit of themselves and the benefit of investors in collecting and distributing and employing savings ?—I never saw or heard of any Government Department or Government of any kind which could under any circumstances attempt business of that sort.

Mr. *Courtney*—continued.

8059. A joint stock company, however gigantic, which did carry on that business would change its character if it became a Government institution?—I think so, I think a joint stock company would. If you look at one of the big financing companies in the city of London, I do not see how it could possibly become a Government department.

8060. Those who look forward to the transformation of society which you do not believe in think that the growth of these big companies is preparatory to their becoming Government departments. A railway company might become a department of the Government and perhaps with no very great difficulty?—With no great difficulty.

8061. But such a company as the one you have sketched out which is essential to the continued development of industry, you do not see how it could possibly become that?—No, I do not see how it could. I do not limit the possibilities of the future; I do not know what may happen in a hundred or two hundred years hence, but under existing circumstances I see no possibility. Of course the difference in the case of the railway company, or in the case of the dock company is very great indeed; you have an established business working according to certain known rules, and in the other case you have to take risks and you have the whole element of human possibilities and hopes and fears, and all sorts of things to consider.

8062. You spoke of yourself as being interested in some invention which held out certain promises, and you put into it some money you could afford to lose?—Yes.

8063. You do not think you could set up a credit which would take care of the money that people could afford to lose?—I should not have liked to take that responsibility with regard to public money at the Board of Trade.

8064. It would be a credit devoted to hazardous risks?—Yes, and of course many of our best things are due to risks that were once hazardous.

8065. You said in answer to a question upon the subject "who is not opposed to sweating."?—I thought that was an imperfect answer afterwards, because I want to know what sweating is.

8066. That was just so. I was going to ask you?—I think I said I had no formula by which to define sweating.

8067. Might one ask whether in your private conduct you take steps to abstain from patronising sweating?—That quite depends on the case. I should certainly if I were employing a builder, try to get a man who was known as having a good character, and as using his workmen well, and I do so in the country, but if I am walking up Regent Street, and if I buy a thing in a shop, I do not inquire under what circumstances that thing was made.

8068. And its cheapness does not set you on inquiry?—No, its badness does.

8069. But you have no definition of sweating to offer?—No, I have no definition of sweating to offer, and I should just like to add this, that in many of these cases it seems to me that the choice is between allowing the poor creatures to earn the wretched pittance which they get and extinguishing the industry altogether; it may be better to extinguish it altogether, but in many cases I think Mr. Booth's inquiry showed it was not that anybody makes an exorbitant profit, but it is that the whole result of the industry would only produce a certain profit.

8070. And that there is a quantity of degraded labour secreted by society?—Yes.

8071. Now the hope of the reformers whom you have been criticising is that by the assumption of one branch of industry after another by the municipalities, you could get all industry effectively organised with effective workmen leaving a residuum to be dealt with possibly penally. Do you look forward to that as in any degree possible?—It seems to me so far away from anything we have at present and so unlikely looking to all the characteristics of human nature that I do not look upon it with any hope.

8072. And the steps that are being taken, the short and halting steps do not lead you to believe that they can be carried on to that in the future?—No, and what I fear is that in any plan of that sort you may destroy the life and energy which possibly feeds the disease, but which also feeds the organism.

8073. It was suggested by one of the Commission in a former part of our inquiry that where wages were good, perhaps a little above the market rate, and employment was steady, the employer got a more efficient body of workmen, who could do better work and would altogether prove a more effective organisation of labour. Do you remember that?—Yes, I do.

8074. Have you any knowledge which would enable you to compare the character of the workmen in a Government dockyard where there is a fair assurance of constant work, and where wages are on the average not below the outside market with the efficiency of workmen in a private dockyard on an equal scale like that of Armstrong's?—I have always heard, and here I am only speaking from hearsay—I have never examined into it myself—that the work in the dockyard is good, dear, and slow, that the work (I will not say in Armstrong's, because that is a first-class establishment) in the private establishments is not to be so much depended upon for solidity, but is done more cheaply and done more quickly.

8075. In the first quality it might not be so good in the private yard, but it is done more quickly and done more cheaply. On the combination of the three qualities what would you say?—Done more quickly and done more cheaply, and I should think when you come to an establishment like Armstrong's that it is done just as well as it is in a public yard.

8076. The argument was addressed to you in deprecation of what you were saying about the extension of the enterprises of the London County Council as to the experience of municipal councils in respect of gas and water?—Yes.

Mr. *Courtney*—continued.

8077. Were you aware whether any of these municipal councils have conducted those works upon the principles which guide the London County Council when they introduced those clauses as to wages?—No, I believe that this is a new departure of the London County Council, so far as I know. I endeavoured to find out what the other councils were doing, but I could find out that nothing was being done in that direction to the extent to which the London County Council has gone. I remember very well being at Manchester at the time of the great gas strike, and I was struck with the determined way in which the Council dealt with the strikers. They had made up their minds in the first instance how far they would go. They had gone a very considerable way in yielding; they then put their foot down and they said, "No, "unite as you will, strike as you will, form "unions as you will, we will go no further," and I was very much struck (for I was present) with the way in which the Manchester Council did their business, for they had made up their minds to this. The matter was coming on for decision the day I was there, and someone tried to raise a discussion, and the mayor got up and said, "No, we have determined this question. "It will be a great misfortune to have any "further discussion upon the subject. We have "nothing to do but to act, and I hope nobody will say a word;" and the discussion was at an end at once.

8078. Then the experience, be it good or bad, of the provincial municipal councils affords no guide as to what we might expect to be the result of the London County Council acting upon different principles?—As far as I know.

Duke of *Devonshire.*

8079. Just one question rising out of Mr. Courtney's examination. You said you found it impossible to define exactly what sweating is?—Yes.

8080. But you know some of the industries in which what is usually called sweating exists?—Yes.

8081. And you know the conditions under which it is carried on—long hours and overcrowded rooms and insanitary conditions?—Yes.

8082. Would you give your opinion as to the policy of regulating such industries to an extent which may amount to regulating them out of existence?—Yes, it is possible to regulate them out of existence.

8083. Would you give your opinion as to the policy of that?—I think that must depend upon the extent of the evil. It may be that an industry is conducted under such circumstances that it would be better we should not have it in our midst and that it should not exist at all; but it is a very serious responsibility to take away from the people the means of living. It may be good to do that.

8084. As you have said, I think, in the former part of your evidence you may only deprive the consumers of cheap goods which they get, and you may deprive the producers of their only means of livelihood?—Quite so. You have always that terrible alternative.

8085. And then you consider it can only be decided in each separate case on consideration of the extent of the evil which exists?—Yes, I think so.

[Notes of Evidence on "Statistics of Labour" are printed as Appendix CXL.—G.D.]

The witness withdrew.

Adjourned to Thursday, February 2nd, 1893, at 11 o'clock.

SEVENTEENTH DAY.

Commission Room, Westminster Hall, Thursday, 2nd February 1893.

PRESENT:

HIS GRACE THE DUKE OF DEVONSHIRE, K.G. (CHAIRMAN).

The Right Hon. Sir MICHAEL E. HICKS-BEACH, Bart., M.P.
The Right Hon. Sir JOHN E. GORST, Q.C., M.P.
The Right Hon. JESSE COLLINGS, M.P.
The Right Hon. LEONARD H. COURTNEY, M.P.
Sir E. J. HARLAND, Bart., M.P.
Mr. M. AUSTIN, M.P.
Mr. GERALD W. BALFOUR, M.P.
Mr. T. BURT, M.P.
Professor MARSHALL.
Mr. G. LIVESEY.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } Joint Secretaries.

Mr. ROBERT GIFFEN, C.B., re-called and further examined.

Duke of *Devonshire*.

8086. Have you anything to add on any particular point to the evidence which you gave on the former occasion?—There is one point which arose out of Professor Marshall's question with regard to the American plan of obtaining wages by means of the special agents copying from the pay-rolls what actually was paid to each man. Professor Marshall seemed to think that that was a much better plan than we had followed at the Board of Trade in obtaining statistics of normal wages, and then obtaining evidence as to how far those normal wages corresponded to the actual earnings. I referred Professor Marshall to a report by the Washington Commissioner of Labour, with reference to railroad labour as an illustration of the want of success of that particular plan which he mentioned. I should like, now, to put before the Commission, an extract from that report to which I referred. I propose to hand it in, but I should like to read just one or two passages to show what was the effect of that plan which was followed by the Commissioner of Labour in Washington. He says: "On the 60 roads," which he dealt with in that report, "there were "employed 224,570 individual men, whose ser-"vices could be reduced to actual time. They "were employed on an average, 147 days each, "and they received $243, average actual "earnings for the year employed. Now, these "men (224,570) were employed to fill "105,807·14 positions; in other words, if "105,807·14 men had been employed on full "time they would have accomplished the same "results that were accomplished by the greater "number working on an average but 147 days "each during the year." The next passage I read is: "It is true that many of the men, "especially those employed as trackmen, have "to lose much time in waiting; others, un-"skilled labourers, in the same way lose much "time; but the higher grades must be quite "constantly employed—in fact, the tables would "indicate it. It was impossible, however, from "the pay-rolls, to ascertain either the causes of "lost time, or the extent to which men shift "their positions or the extent to which men "are re-counted. If a man borne on the rolls "of railroad No. 50 worked but 88 days in "the year and then worked 20 days on road "No. 51, 60 days on road 52, and a month "on road No. 53, he would appear in the whole "number of *employés* as four men, and he "might have been employed among them all, "perhaps a full year, or nearly a full year." I should like to add, with reference to the general subject, that one of the difficulties we have in statistics is this: that often you have to be content with facts which are ascertainable, instead of endeavouring to ascertain the very facts which you would like to get for your purpose, because these facts are either totally unascertainable, or only ascertainable after an expenditure which no government would be prepared to make. This is one of the reasons why, at the Board of Trade, we are content to proceed by first ascertaining the normal wages, which is a fact that is ascertainable, and not endeavouring to go through this immense labour of copying from the actual pay sheets, and arriving at a result which really comes to nothing when you have investigated it.

8087. Do you put in any paper on this point?—I put in the whole extract which contains a little more than I have read to you. It also contains a reference to the pages of the report from which it is extracted. (*See Appendix* CXXVI.)

Professor *Marshall*.

8088. I have noticed, in reading the Report on Railroad Labour, the particular difficulty to which you call attention; and if you will recollect, you will find that when you

Professor *Marshall*—continued.

raised your objection before I said nothing on the other side, but I admitted that the methods of the American Bureaus were not such as I should be prepared to defend on all grounds. But is it not true that the objection by you raised against the American method is merely that they have not had time in this particular investigation to go far enough?—I think not; the same kind of thing necessarily exists in every trade, and it would be quite impossible, except at an enormous expense, to trace out every individual, and find out the other pay sheets in which he ought to appear, and then ascertain what he actually had been paid.

8089. My point was this: Is it not a fact that the Americans are trying to find out how much irregularity of employment there is in the country, that the task is a very difficult one, and that they have not yet done nearly all that is essential for solving it; but that in England we are not attempting it, and are merely guessing at the result?—I beg your pardon, we are attempting it very much in England, and I hope in the course of the next 12 months to be able to show a great deal more.

8090. In your previous evidence, you referred me to an unpublished Report of the Board of Trade, as regards the wages of certain industries; of course, I cannot tell what there is in that, but the Board of Trade has already published statistics of wages in several trades, and I have looked into them, since you were last here, to see whether I could find the specific information I wanted, and I could not find it; is it there?—I do not know exactly what you were looking for.

8091. I am talking of the returns of wages in the textile trades, for instance. I wanted from those to get some sort of opinion as to what was the actual amount of want of employment in England?—I do not know exactly what you have ascertained.

8092. I ascertained nothing. I am asking the question whether it is not true that taking these reports, the reports already published by the Board of Trade with regard to wages, the Board of Trade has not even attempted what the Americans have attempted, though I admit they have not quite succeeded?—I think you will find a very large amount of information upon the subject in those reports.

8093. Is there any exact information as to the regularity of employment? We know of course the number employed at different times, the maximum and the minimum. From that we can guess, if we like, the amount of want of employment; but is there any means of getting information other than that of pure guess?—Surely the statement of the maximum and the minimum ascertained in a certain definite way, is a means towards the end which you wish to arrive at. I do not say it is the entire information which you wish to have; but it is a definite thing which has been ascertained in a definite way, and so far it is a contribution to the subject. It does not pretend to be anything more.

Professor *Marshall*—continued.

8094. So that I am justified in saying that the attempt to find out how much want of employment there is in England has not yet been undertaken by the English Board of Trade?—I do not know that I would go so far as that, because we have a great deal of unpublished information.

8095. So far as the published information goes?—We do not publish it until we have ascertained a great deal of what it is expedient to ascertain; but all those facts which you have been referring to, are certainly contributions towards the end which you wish to arrive at.

8096. In the report with regard to textile industries there was no indication that you were going to publish a supplementary report with regard to regularity of employment?—But that is exactly what we are undertaking now, not so much with reference to the textile trades, as with reference to those trades which are known to be rather more fluctuating than other trades are. That is now being commenced at the Board of Trade; and all the information necessary, which has been going on accumulating, will be available along with the other information which we propose to obtain.

8097. I understand from what you said last time, that the next report of the Board of Trade, with regard to wages will move more in the direction of supplying information with regard to the irregularity of employment than the report with regard to the textile trade did?—If you will say the next reports you will be quite correct in saying so. That is clearly a very important point to inquire into. But, as I have often remarked, you must take one thing at a time when you are going into statistics of this kind.

8098. Another question of the same kind. In your answer to question 6997, you compare the American method of ascertaining the income derived from capital with the English method. Now, I am not going to suggest that the American method has yet attained completely the results at which it has aimed; but I should be much obliged if you would explain what the English method is. You refer to the income-tax statistics. I am not aware how you can get from the income-tax statistics a statistical measure of income-obtained by capital as separated from the income earned by the higher grades of professional labour?—But, surely, the income-tax returns supply a large amount of information.

8099. They supply statistics from which you, and I, and a great number of other people, have made guesses, but I am not aware that any of us has ever thought he was doing anything more than making a very random guess?—I think it goes much beyond a random guess; it goes to the point of making a tolerably useful estimate for many purposes. Take, for instance, the income-tax returns; you find one of the items in Schedule D. is Public Companies. It is quite clear, as regards Public Companies, that you have a very definite figure as to the amount of profits that are earned. That is only one

Professor *Marshall*—continued.

illustration. Schedule A. is another illustration. Of course, it requires a considerable amount of pains and trouble to make anything satisfactory out of it; but it is an advantage which we have in England, that we have these income-tax returns, and other information of that kind, which they have not got in the United States.

8100. When you stated that, should you not also state that they have property-tax returns, which we have not?—Yes, and also that they do know that their property-tax returns, as regards all property except real property, are not worth anything at all. That is stated in the census reports of the Americans themselves.

8101. All such returns require much interpretation, even the English—but the American more than the English?—There is no doubt they all require interpretation, that is to say, all figures are not easily handled. That is quite certain. But because figures are not easy to handle, you must not say that you have not got figures at all.

8102. My question is, what are the figures by which you obtain your statistical estimate of that share of the income of the country which goes to capital?—But I have made no estimate before the Commission.

8103. No, but in this answer you say, "Therefore if you are to get in any way the relations "between wages and profits, the only effective "mode of studying it is in the way I have put "before you, by comparing the aggregate income "from wages and the aggregate income from "capital in the best way that you can." Now I want to know how you get the aggregate income from capital?—Surely that is a question that will take us a very long way indeed.

8104. I understood you to say that you got it from the income tax returns, and my question is whether, in order to get the aggregate income from capital from the income-tax returns, every English statistician, yourself included, has not been compelled to make a rather bold guess?—No doubt you must make estimates upon certain points, but I should point out very strongly that, as to a large amount of the income from capital, there is no doubt whatsoever, and the margin as to which there is a doubt is much smaller than the question of the total amount.

8105. On that opinions are rather apt to differ. are they not?—No doubt opinions differ; but if the Commission would wish to investigate the subject, I could get it up, and should perhaps occupy one or two days in going through the evidence upon the point.

8106. My interest in the matter is only because you have brought in these disparaging remarks with regard to the American statistics, with regard to which I want to point out that there is a good deal to be said from their side?—I may say that I made no attempt to make what Professor Marshall calls disparaging remarks upon the American statistics at all, because undoubtedly they have this difficulty, that they have not the advantage of our income-tax returns and statistics of that kind. What I pointed out was that, in a question as between

Professor *Marshall*—continued.

wages and capital, unless you get the aggregates, you only have isolated facts, and that is all you get by the American plan. They look into a particular trade, and they say, or they endeavour to say, that in that particular trade so much goes to wages, and so much goes to capital; but that does not carry you very far in any shape or form, because there is the most infinite variety in what goes to wages and what goes to capital in different trades; and before you can get any conclusion at all, you must put it into an aggregate form, and that the American figures supply you with no means of doing.

8107. But is it not a fact that all that class of questions of which you have been talking now, has been discussed with a great deal more fullness and more scientific care in America than in any other country?—I think not; most decidedly not.

8108. Now go to question 6975. In what I cannot help calling your disparaging remarks with regard to Mr. Carroll D. Wright, you said: "I think he maintained that his figures showed "that wages on the average were higher in "Massachusetts than in Great Britain by something like 60 or 70 per cent. That was the "deduction which he got from his figures. I "think the statement for the limited purpose, "the limited area of the comparison which he "made, was logically defective in many ways. "For instance, he took 24 different employments, "and he took the average wages in each employment and added these averages together "and divided them by 24, without taking into "account which of the employments were "numerously occupied in Great Britain and "Massachusetts respectively; and so he arrived "at the conclusion that wages in Massachusetts were from 60 to 70 per cent. higher "than wages in Great Britain." While that statement naturally supplied a good deal of amusement, ought you not to have stated that the Americans had pioneered the way in determining the true average wages in every occupation by finding out exactly how many there were in each particular grade, and at each particular rate of wages?—I think not.

8109. Is it not true that in the particular report from which you quote, that is done in great detail with regard to Massachusetts?—Will you let me see the report?

8110. (*Handing the "15th Annual Report of "the Bureau of Statistics of Labour" to the witness.*) Have we not there hundreds of industries with the number of people employed at each particular wage? I will read at random where I have opened, "Bobbin setters, spinning, 22 in number, average wages $3; "bobbin setters, spinning,"—of another class "22, average wages $2·16; bobbin setters, "spinning,"—again, another class,—"22, average "wages $1·80; doffers spinning, 4, average "wages $3·60," and after those, other classes of doffers, and so on?—May I interrupt? That is really not the point; that is the statement of the average wages of those numbers, not a statement of the numbers at the trade. I

Professor *Marshall*—continued.

should like to say that no doubt the development of this mode of stating wages statistics has occupied the Americans for a considerable period, but before that report of the Bureau of Massachusetts, there were statements in our Board of Trade Statistics of the proportionate numbers in different trades and different employments. The point was one to which our attention had been directed, and in the very first memorandum which I wrote, or the second memorandum, with reference to the work of the Department you will see we started with that idea in 1886, at the very beginning, and I think we have developed it much more than it has been developed anywhere else.

8111. I would like to go on if I may; is it not true that his next step is to find out the number of people in every separate trade, and the average wages in that separate trade?—"Average wages" again, but we are speaking of the classification of wages now as I understand.

8112. Does he not do that with the object of finding out what are the average wages of all the industrial population, and is it not true that when he comes to Great Britain he says he is now compelled to abandon this method because the statistics necessary for his purpose are not published in Great Britain, and is it not true that so far from having made the very elementary mistake suggested by you, he at the end, to provide against persons falling into the error of supposing his statistics mean more than they do, says, "In making such comparisons," that is comparisons got by adding up the average wages in particular trades without reference to the numbers in them, "after results are obtained "reference should be had to the recapitulation "table and text, in order to fully understand "the basis of comparison, that is, number of "employees, respective number of men, women, "children, &c., and whether day, piece, or day "and piece workers"?—I think I may say with reference to that, that it does not touch upon the point which I have mentioned here. I say "he "took 24 different employments, and he took the "average wages in each employment and added "these averages together and divided them by "24, without taking into account which of the "employments were numerously occupied in Great "Britain and in Massachusetts respectively."

8113. Is that quite accurate?—That is quite accurate.

8114. Is it not true that, so far from not taking account of the question, he took very careful account and was much disappointed at finding that he was not able to make his comparison thorough because of the want of proper English statistics, he having supplied there the necessary statistics for his own country?—I am bound to say that, having the information as to rates of wages which he was satisfied with as to certain employments in England, he would have had no difficulty in making an estimate of the comparative numbers in the different employments; and in any case, instead of adding up the 24 different occupations in Massachusetts, and dividing by 24, he might have given you what he thought was a true average. I do not think that the matter had advanced so far at that time as Professor Marshall would like to make out, but I must deprecate again what he imputes to me, that I am wishing to disparage the American statistics at all. I have pointed out that they are not available for certain purposes, and that is all that I have said.

8115. The point that I wish to put is this: Is it not true that the difficulties which you suggested to us had been fully and carefully considered by him; only with regard to the question what was the best method of dealing with those difficulties, he has formed a different conclusion with regard to it than that which you have formed?—I think he has not formed a logical conclusion at all.

8116. You object to a comparison that is made here between the average wages in Massachusetts and the average wages in England, on the ground that agriculture employs nearly half of the people of the United States. We went on afterwards to discuss the question how far that statement related to Massachusetts; but are you sure of your facts with regard to the United States?—I speak exclusively from the census of 1880.

8117. Are not these the facts, in the census of 1880: male "persons occupied," 14,744,942; agricultural labourers, male, 2,788,976?—It is quite impossible for me to speak about the American census without the figures before me, but I should like to state that the figure which I have got here is male persons, all occupations, census of 1880, 14,744,000; employed in agriculture, 7,057,000; and there is a note that many agricultural labourers have been reported simply as labourers, and that that figure of seven millions ought to be increased. Of course, those seven millions are not all agricultural labourers, they are peasant farmers as well; but these are the figures upon which I base my statement, that nearly half the people in the United States are engaged in agriculture. Of course, if Professor Marshall had been kind enough to refer me to the figures of the American census which he wished me to look up, I should have brought the census tables with me. I have given the figures now in the answer to question 7147.

8118. I understood that you had the facts before you last time so I supposed you would have them before you now?—I could not bring all the books with me, of course, but I put a note of one or two facts in detail which quite supported the statement which I was making to the Commission; but, of course, if you are going to examine me about the details of the American census, I should decline to speak without having the census tables before me, naturally.

8119. Your statement, in answer to question 7157, that four millions out of eight millions, odd, people engaged in agriculture are agricultural labourers, I cannot quite fit in with the statement in the report that the male agricultural labourers are 2,788,976?—That shows that it is quite impossible to go into a discussion of this kind without the census before us—quite impossible.

Professor *Marshall*—continued.

8120. The particular point, however, was, that the Massachusetts statistics were untrustworthy because of the number of agriculturists in Massachusetts, and, at question 7141, I called attention to the fact that your argument against attaching values to these statistics was based on the fact that "50 per cent. of the American people are engaged in agriculture." I raised the objection that it did not matter how many of the American people were engaged in agriculture—the statistics related to Massachusetts. I asked whether that would be true of Massachusetts. You say: "I do not know how far it "would be true of Massachusetts"; but is it not important, considering that you are here lending your authority publicly to discrediting this report, to consider that Mr. Carroll Wright was statistically perfectly justified in what he did, because the total number of agricultural labourers in Massachusetts was only 22,490?—I think I made it quite clear on the last occasion, that what I objected to was the use of a comparison between Massachusetts and Great Britain as a comparison between the United States and Great Britain. I am not quite sure that I followed exactly the point which Professor Marshall wished to make as to its being a proper comparison between Massachusetts only and Great Britain, but the tenor of what I meant to say was undoubtedly that Massachusetts, being a small place, practically about the size of an English county, you could not properly compare such a place with a great nation like the United Kingdom. I think it is really to make an improper use of statistics altogether. That is a general observation, but I must really deprecate what Professor Marshall imputes to me, that I am wishing to disparage these American statistics. Really what I pointed out was that you could not use that comparison between Massachusetts and Great Britain as a comparison between the United States and the United Kingdom, and I think I must rather object to Professor Marshall wishing to impute to me some other opinion about it.

8121. Is it not the fact that the Massachusetts report was a comparison made for the purposes of the Massachusetts people, by their own special bureau, and that for that purpose a comparison between Massachusetts and England was a reasonable comparison to make?—I think not, because the two things are not comparable. You might have compared Massachusetts with a particular English county, or with London; but it was not fitting that you should compare it with a great and extensive area like that of the United Kingdom, with a great variety of industries, much more than in Massachusetts. That was an improper comparison altogether to make essentially.

8122. Is it not true that there are some people who think that a comparison between Massachusetts and Great Britain is much more instructive than one between the whole of the United States and Great Britain, because the conditions of life in Massachusetts are approximately similar to those in Great Britain; while there is such a very large negro population in the United States, and the conditions of life in the South are so different from those in the North that a statistical comparison between the United States, as a whole, and the United Kingdom, as a whole, is misleading. I do not ask you to agree with that, but is not that a tenable opinion?—What I should say to that is that you might make comparisons on different bases for different purposes; but then you ought clearly to state what is the drift of your comparison, and what is the line you are taking. What I objected to was that the comparison between Massachusetts and Great Britain was used as a comparison between the United States and the United Kingdom. That I do object to; and, in objecting to it, I am not saying anything at all to disparage the American statistics, as far as they go. This is really a matter of principle.

8123. Is it not a fact that everybody's statistics are used by other people for illegitimate purposes?—That happens very often, but then it is the business of some of us who know statistics to point out when they are used illegitimately.

8124. Yes, but I think that in the form in which you gave your original account, when you amused us so by describing the way in which Mr. Carroll Wright had added together the average wages of unequal trades, you did not, I think, make clear that he was not responsible for this?—But I think I stated quite sufficiently the different points I wished to make. I think that altogether that comparison, and the way in which it has been used, have been really most unfortunate, and I hope some good will be done by what I have said now in pointing out the limitations within which such figures can be used.

Mr. *Gerald Balfour.*

8125. You told us that 25 per cent. of the adult male workers in the country were earning less than 20*s.* a week?—I think that was about the figure that was suggested.

8126. Could you tell us whether those are unskilled labourers for the most part?—I think you may assume that they are, for the most part, unskilled or partially skilled.

8127. In those skilled trades which employ female labour and the labour of young persons, would there be a considerable number of adult males earning less than 20*s.* a week?—Not a considerable number, but a certain number. That is a thing which you will see in detail in the tables which I have handed in and in the report which is now being prepared. I think you would see a good deal of it in the textile trades in that report which was laid before Parliament some years ago. Of course I do not carry all the figures in my head, but you would see there what, in those trades, was the proportion of adult males receiving less than 20*s.* per week. I may say that, as a matter of fact, one reason of a good many

Mr. *Gerald Balfour*—continued.

adult males receiving less appears to be that old people and people who are past the vigour of life are often employed at less than a full man's wages, and they appear as adult males.

8128. So that if you took the adult males of vigorous age, 25 per cent. would be too high a figure?—I do not know that it would be very much modified, but still it might be modified a little.

8129. The 20*s*. a week would not, I suppose, represent the average family income?—Not the family income, but the income of the adult earner.

8130. I think you estimated the average family income at about 80*l*. a year at the present time, taking the working classes altogether?—I did not put it exactly as a family income. I estimated the aggregate, dividing it by the number of adult males. It is not quite the same thing as a family income, and I should not like to put it forward as that. It is only a mode of putting a certain comparison which I made.

8131. The average earnings of adult males you put at 60*l*.?—About 60*l*. per annum.

8132. Therefore when you take the whole of the working-class income, and divide it by the number of adult males, and obtain 80*l*. as your quotient, the additional 20*l*. will represent what is earned by the family?—I think the real figure would be rather more than 80*l*. I do not think you could say it would represent what is earned by the family, because a great many of the women and lads and boys and girls—but especially the women—are single and independent, and are not members of families in that sense. I have not put it in the form of a family, because I have serious doubts how far it can usefully be done.

8133. If, however, you were to attempt to estimate the family income, you would put it somewhat higher than 80*l*.?—I think I would put it somewhat higher, because, if a man and wife are working together, and perhaps two of the family, you would certainly have a much larger income than 80*l*., and I know of cases in Bolton, in Lancashire, where, I think, the people estimate that the income of working class families comes up to close upon 100*l*. That is from actual observation of families. But I have not put it in that way with any intention of suggesting a family income because families are so different; you cannot make an average in that way, I think; you would have to classify them in some manner.

8134. 20*s*. a week you would regard as below the line expedient for a minimum subsistence?—Anything under 20*s*. a week, especially in towns. I am not sure that I would quite put it so in country places, but it is below what one would think desirable undoubtedly.

8135. Now, could you give us any estimate of the percentage of adult workers in previous periods earning less than 20*s*. a week?—I think about 50 years ago it would be much more, nearly 50 per cent. or even close up to 60 per cent.

Mr. *Gerald Balfour*—continued.

8136. I should be right, I suppose, in regarding it as your view that the improvement in the condition of the working classes generally during the last 50 years, and especially during the last generation, has chiefly consisted in the reduction of the percentage of those earning low wages?—Partly in the rise of wages in skilled trades and partly in the reduction of the percentage of the people in agriculture and other occupations at low wages, in comparison with those in skilled trades.

8137. And during the last 20 years, the latter rather than the former?—I should be inclined to say so.

8138. The proportion which skilled labour bears to unskilled is steadily increasing?—That I should not like to speak of without a further investigation and a definition of what is meant by "skilled." There are changes in skill going on, changes in the kind of skill which is required, but there is no doubt about the fact of the increase of remuneration on the average by the change from low-paid to better paid occupations.

8139. You estimated the middle-class income below the income-tax level at from 150 to 200 millions?—That was really put forward almost as a guess, and on the basis of what Mr. Dudley Baxter had done in 1868, and with some comparison of how the facts would stand now. I think about 150 millions would be quite safe but it seems to me that, probably, the figure is rather more.

8140. Have you formed any estimate of the numbers of the middle classes in receipt of this income?—From about a million and a quarter to a million and a half would be the estimate according to Mr. Dudley Baxter's idea. There is a very large number.

8141. Do you think that number is increasing?—I would not like to make a statement about it, but, if you refer to an address which Mr. Goschen* gave at the Statistical Society some years ago, I think you will be satisfied that in all probability those numbers are increasing. The matter is one of inference to some extent.

8142. Increasing in proportion to the total numbers of the community?—Not much in proportion to the total numbers, but a little. It is an increasing class.

8143. Most of that income would be income earned by work, would it not?—A great deal of it would be earned by work, but also some of it would be income from capital. I think if one looks at it there is a very considerable income under Schedule A. which is below the income tax limit, and that, of course, is not income which would be called income from work, but it is received by people whose total income is under 150*l*. per annum.

8144. Of the 640 millions income-tax income a considerable proportion also represents remuneration for work done?—A considerable proportion, undoubtedly.

* Journal of the Royal Statistical Society, Vol. L., Part iv., 1887.

Mr. *Gerald Balfour*—continued.

8145. But you did not attempt, I think, in your evidence-in-chief to give the Commission a figure?—I did not attempt to give the Commission a figure. The point happened to be one on which I have written at different times different essays which I thought might be left to stand by themselves, and I was rather endeavouring to indicate how the figures might be used then to make precise statements myself on points of that kind. That would really take us a very long way if I was to go into the matter and make a new estimate upon the present figures, and I did not find that I had sufficient time at my disposal to do so.

8146. Might it not be for the advantage of the Commission that you should repeat the results of your former estimates so that we might have them on the minutes?—There are so many things, if I had time, that I should like to do, and that is perhaps one of them, but it would take a good deal of time to go into the matter again.

8147. You would not care even to give the Commission a roughly-estimated figure?—I shall endeavour to do so, with the understanding that it is necessarily a somewhat rough figure.

8148. I understood you to say, that taking into account both the income annually saved and the income derived from foreign investments, and subtracting the amounts from the total income derived from capital and land, there would not be a very large sum left for distribution among the workers under a socialistic system?—Not nearly so large a sum as appears when you treat the whole income-tax income, as derived from capital, and then compare it with smaller figures of working-class income than those that I gave you.

8149. Are you quite sure that, taking into account both the income derived from foreign investments and the income annually saved, you are not counting a considerable sum twice over?—No doubt the difficulty would be to make out from what income the savings are actually made. That really lies upon the surface of the question.

8150. So that it would not be fair to say 200 millions annually are saved, and 80 or 100 millions are derived from foreign investments, and add the two figures together—they might overlap to some extent, might they not?—They might to some extent overlap, and I did not add them together; I was very careful not to add them together.

8151. You spoke of the probable effect upon the condition of the working classes if they were to save 20 millions annually instead of 6 millions, which, I think, was the figure at which you put it now; you believe the effect would be very important?—I believe the effect would be extremely important. I do not think I put forward the 6 millions as an exact account of what the working classes save. I referred to certain visible savings which were made, but I did not give it as an exclusive and exhaustive statement of working-class savings, because I went on to mention that there were savings in respect of furniture, and probably in other ways which it would be difficult to take account of.

8152. Would the effect upon the earnings of the working classes be more important if this additional capital was derived from their own savings than it would be if it was derived from the savings of the capitalist class?—I think it would be more important because it would have a great effect morally upon the working classes themselves, and give rise, I think, to more uniform demands for staple commodities, even more uniform than they are now, and that would have some distinct effect in steadying trade.

8153. I understand that, but I think you drew some distinction between investments made by the working classes and investments made by capitalists in respect of the effect in reducing the rate of interest?—I do not think in respect of the effect on the reduction of the rate of interest; I had rather in my mind that probably the working-class saving would tend to swell the funds for investment at home much more than the funds for investment abroad.

8154. And would thereby lower the rate of interest?—No; would thereby steady the trades and improve the general condition of the working classes. The effect of lowering the rate of interest would be mainly from the result of saving itself.

8155. That effect would be produced by whatever class the saving was made?—By the actual savings, especially if, when the savings are made, they endeavour to invest them at home, and not send them abroad.

8156. You are not afraid that the investment at home of the savings of the working classes would drive a corresponding amount of capital abroad, supposing the rate of interest was lowered at home?—No doubt it would have that tendency, but there are certain kinds of capital which tend to go in certain directions, and will not go in the other directions; the capital which goes abroad is very largely cosmopolitan in character, and I do not think you could say that much more would go abroad if the investments were to be increased at home—a certain amount would go.

8157. I did not quite follow the observations you made with regard to profit-sharing; I think you said that profit-sharing was not likely to be adopted on a large scale, or to prove a solution of the difficulties between employers and employed?—I think that what I said was that it was not likely to prove a solution of the whole problem of the increase of the remuneration of the working classes.

8158. The whole problem?—Yes; I should not like to say anything that would imply that it might not be advantageously developed to a very considerable extent, and have a great many beneficial effects, social and otherwise; but it could not be a general solution of the remuneration of the working classes for the reason which I stated, that such a large amount of capital is at present employed, at little profit or no profit,

Mr. *Gerald Balfour*—continued.

that there is nothing to divide, and as the people who use that capital must pay the same wages to the working classes as other people do, then, if the firms which are able to distribute something in profits do distribute them, the firms which are not able to distribute any profits must pay the same rate.

8159. The same rate, including the advantage of the profit which is divided?—Precisely; you must have the same rates.

8160. Does that mean that in the non-profit-sharing firms' wages must be higher by an amount that will compensate for the advantages given by the profit-sharing firms?—Either that, or they must make their rates of wages less so that the profit, plus the wages, would be the same as the wages of the firms which have no profits to divide, because the latter must pay the same remuneration or they will not get the same work.

8161. Might it not come to this, that in the profit-sharing firms you would have a better class of workmen and in the non-profit-sharing firms an inferior class of workmen?—I think not; very often firms which are making no profits are firms which are on the way to make a profit and they will compete in the market with the established firms which are making good profits and perhaps pay even better remuneration so as to attract the people to them.

8162. Have you taken into consideration that the profits to be divided among the workmen may really be derived from additional zeal and industry on their part, caused by the adoption of the system?—I have taken that into consideration in some of the experiments; but how far that would apply to every employment and other questions of that kind, would really be very difficult to go into.

8163. But is not that a consideration which materially modifies the conclusion of your argument?—I do not think it applies to every firm. I think there are many firms where the discipline is necessarily such that the profit-sharing would not make much difference in that respect.

8164. I did not mean to suggest that profit-sharing was adapted to all trades and to all circumstances; but had you not to some extent left out of consideration what is usually regarded as the economic basis of any profit-sharing scheme?—That is undoubtedly one of the considerations in certain trades; but it does not affect the point of remuneration which I have mentioned, that the employer pays the best price in the market for the best labour and sees that he gets value for his money.

8165. With regard to the eight hours' day, I think you expressed yourself as unfavourable to a legislative enactment embracing all industries?—Unfavourable to a general legislative enactment.

8166. You thought that Parliament might, perhaps, reasonably interfere in the case of certain special trades?—As it has interferred with many trades.

Mr. *Gerald Balfour*—continued.

8167. You mentioned among other industries that of mining?—Mining and railways, and, no doubt, there are other dangerous employments which could be mentioned.

8168. I do not know whether you meant to express the opinion that it would be desirable that Parliament should limit the hours in these employments, or simply that as regards them the matter was one that demanded special inquiry?—I expressed no opinion in detail as to the grounds on which Parliament might act on points of that kind, because each case would have to be judged on its merits, and principles would perhaps come to be established in time; but it would really take a very exhaustive inquiry before I could express an opinion so far as that.

8169. At the beginning of your evidence you gave a list of the work which has hitherto been undertaken by the Statistical Department of the Board of Trade; do you think that the Department could with advantage obtain further statistical information beyond that contained under the three heads which you enumerated?—The Department is now beginning to undertake a great deal more than what I have described, but I should not like to state the programme in detail.

8170. You would rather not go into that question?—That involves official matters, and we are considering how it would be done. There are statistics of current prices and things of that kind which, no doubt, could be usefully got together.

8171. You are opposed to the idea that such a department could usefully undertake the task of making a forecast as to the conditions of trade?—It ought to publish the data from which people could make forecasts themselves, but it ought not to make itself a kind of prophet of what was going to happen.

8172. Do you think you could lay it down as a general rule that it must always be the duty of a Government Department to ascertain and publish facts rather than to offer opinions?—That is undoubtedly so, but of course in publishing facts you must have reference to opinions which are current as to how these facts are to be used. No doubt in that way you may publish facts which indirectly amount to a forecast, but all the same it would be extremely desirable that the Department should not commit itself to particular views respecting what is going to happen. I have had some experience of that now in reference to one subject which we dealt with officially, and that is with reference to emigration. In the reports upon emigration, I have stated facts which seem to me to point to a certain order in the progress of emigration so that anyone watching that order would say, if this order continues the next step in emigration will be so and so. That is as far as I should venture to go, and I have always done it with the statement that I am only pointing out what has happened hitherto and not making any forecast.

Mr. *Courtney.*

8173. Going back to that question about the proportion of the population—the quarter of the working men who received less than 20*s.* a week—have you any notion how many of these would be agricultural labourers?—Very nearly one-half, I should think, or perhaps more.

8174. I observe you say that one-fifth of the working men of the kingdom are agricultural workers?—Including Ireland.

8175. The 25 per cent. under 20*s.* includes Ireland, does it not?—Yes.

8176. So that one-fifth of the workmen of the United Kingdom are agricultural workmen?—Yes, that is so, but I find I said less than one-fifth, not one-fifth exactly.

8177. If that is true, would you think that one-half of the quarter is enough?—I have not gone into that point, I really have not considered how that would lie.

8178. What proportion of the agricultural workmen of the kingdom would, in your opinion, be receiving less than 20*s.*?—I think that, stated broadly, except you include shepherds and bailiffs, and people of that kind, there are hardly any agricultural workmen who receive more than 20*s.* a week.

8179. Could you give any deduction for that specially skilled class?—Not very well; I think it would not be much more than about 10 per cent. or so; but there are certain difficulties in the absence of the information, which, I believe, the Commission is obtaining now, which make it difficult to give an exact figure.

8180. If it were one-tenth, that would leave nine-tenths of a fifth, or nine-fiftieths of the population of the kingdom under 20*s.* a week, composed of the agricultural workmen?—I should have been very glad if Mr. Courtney had given me some of these calculations before I came.

8181. I calculated this on the spot?—The thing is complicated a little by the difficulty of dealing with the peasant population of Ireland, which you have to include, although when you deal with the census you do not find them mentioned as agricultural labourers.

8182. I am only taking your figures which you give now, and I could not have calculated them before. One-fifth of the workmen are agricultural workmen, nine-tenths of those receive less than 20*s.* a week; it follows that nine-fiftieths of the workmen of England are agricultural workmen receiving less than 20*s.* a week?—I do not quite follow.

8183. Nine-tenths of a fifth are nine-fiftieths?—Perhaps if you put your further question, I should be able to see what the point was.

8184. Since twelve and a half fiftieths of the proportion of the whole population of the kingdom are receiving less than 20*s.* a week, and nine fiftieths are agricultural workmen, you will only have three-and-a-half fiftieths, or 7 per cent., of the working population receiving less than 20*s.* per week, if agriculture is excluded?—I think it would be something like that. The numbers are not nearly so large in the other classes.

Mr. *Courtney*—continued.

8185. Out of the 25 per cent. who receive less than 20*s.* per week, 18 per cent. would be agricultural labourers, and 7 per cent. would be non-agricultural labourers?—I should like, before going more minutely into points of that kind, to have some opportunity of looking into all the figures from that point of view, and really distributing them amongst the classes. I do not know that the materials quite exist for going so minutely into that, and the question of the exact proportions would here be important. All I said was that people engaged in agriculture were less than a fifth; I did not say they were a fifth; and that affects materially the use you are making of the figures.

8186. It is important, in considering the tolerable or intolerable nature of the conditions of life of the working classes, to consider whether they are working in the country, or in the town?—There is no doubt that it is chiefly in the country where these things exist, and chiefly amongst agricultural labourers.

8187. If your figures are accurate, which you have suggested, in fact 18 per cent. out of the 25 per cent. would be so located—but you need not commit yourself?—There is no doubt of this, that the bulk of the people under the 20*s.* are in the country.

8188. You have no means of comparing the increase or decrease of the non-agricultural population receiving small wages in the last 50 years?—Not directly in that way, except from making the best comparison you can from the census, and I have not made it in detail.

8189. I have not your tables here, unfortunately; I do not quite follow your figures as to the teaching which they give us as to the fluctuation of employment; can you explain how they bring out figures or suggestions as to the proportion of the year when employment is secured?—The tables showed that in certain of the trades which were included, the wages were practically continuous for the whole year; that is to say, you had employments like police, and gas, and water, where the employment was continuous for the whole year; but you know that certain other trades, such as the building trades, are extremely fluctuating, that there is a difference between trades, and that you must not infer from one trade that that is the proportion of all the trades of the country.

8190. That was not shown by your tables, but it was knowledge that you brought to the interpretation of the tables?—It was knowledge on the face of the tables, because, as you would find from the detailed tables out of which they were made up, such as police, and gas, and water, the employments were continuous throughout the year.

Mr. *Livesey.*

8191. Gas employment is hardly so?—Certain parts of it.

8192. There are great fluctuations?—That appears in the detailed statements which were issued.

Mr. *Courtney.*

8193. How do your tables show these facts?—I think I might point out that the table is a summary, and a conclusion of a great many other tables which are referred to, and that you must take them all together, that is the point.

8194. I wish to know how I am to find out from the tables that the building trade was not employed all the year round?—I think I must refer you to the report of which these tables form a part, and in which all the statements are made.

8195. Would the tables themselves, that you have put in, show it?—I think not. I said the tables did not show it, that it was an inference from the tables in conjunction with all the other information upon which the tables were based.

8196. Does that not amount rather to what I said just now, that it was the interpretation which you brought from your own knowledge to the tables?—Not so much from my own knowledge as from the knowledge which was required in making up the tables, and which is stated in detail in the different reports.

8197. Going back to the question of the very low wages, your investigations do not take any special account of the residuum of the population?—There is no account of the residuum.

8198. Are you aware that, in Mr. Charles Booth's examination of the large population in the East End of London, he made out something like 100,000 out of 300,000 who were very poor, receiving, on an average, much less than 20s. a week?—I do not think that these statements would make very much difference to anything that I have given you.

8199. They are not in conflict with it?—I think not. The residuum, I think I may say, accumulates in large towns, and especially in the metropolis.

8200. You would not question the accuracy of those results?—I have looked into Mr. Booth's work a good deal, and I think it is excellently done, but there is no doubt that a great many of the figures are built up upon a hypothesis, which he quite fairly describes, and that forming precise calculations would raise a good many questions as to what the exact figures would be, and whether some modifications might not be expedient. He states the hypothesis very fairly indeed upon which he builds up the calculations of numbers.

8201. You say the residuum has a tendency to come to big towns, especially to London?—Surely that is quite evident to all who think of these matters.

8202. Have you any means of ascertaining what proportion the residuum would bear to the total population in consecutive decades?—I think that is really a question which there is no means of determining, because you would, first of all, have to define the residuum and then to make your investigations. According to what I said a little time ago as to the facts which are ascertainable in statistics, and the facts which are not ascertainable, you would probably have to confine yourself to something which you could ascertain and which you could find in a past

Mr. *Courtney*—continued.

time with which to compare it. The residuum is not a word that you could direct any statistical clerk to use and say, "Put down so and so as a residuum," you would have to define what he was to do.

8203. Taking that statement about the 100,000 out of the 300,000, do you think that is an increasing proportion or a decreasing proportion in respect of such town populations as he had under review?—I should say, judging from the pauperism and criminal returns which are, no doubt, connected with it, that the proportion is a diminishing one. That, of course, is subject to any question as to how far the pauperism and criminal returns can be used in that manner. I think they can be used properly, but that is a matter of judgment and discretion.

8204. You refer to persons with depreciated characters and powers?—That would be so. As far as one can tell, that is a diminishing element in the population, but, of course, there would remain the question how you define the residuum and how you are to find it out for statistical purposes and compare it with a former time when such investigations had not been made.

8205. I suppose you could form a tolerable estimate of the relative proportion of a population such as one has under review to the whole population at the present time and 50 years back?—I think a picture that would be pretty complete could be drawn of a former time.

8206. You deprecate a general eight hours day on the ground that it would be injurious to the working classes themselves?—That it is not a desirable thing for them to promote in their own interests.

8207. Have you ever thought what was the effect of the institution of the Sunday on the condition of the working classes?—That would raise the whole physiological question as to whether people could work better in six days than in seven.

8207. What effect has it got upon wages?—If they could produce more in seven days than in six, and not lose in energy and in vigour, there is no doubt that that would increase the remuneration of all classes, but that really is the whole question—whether they could work for seven days and produce so much one year with another, as they do in six days.

8209. That is the question which might be raised in relation to the number of hours too?—To some extent.

8210. On what ground do you distinguish the legislation in the one case, and the proposed legislation in the other?—I suppose the Sunday is a thing which we have got, and which we are accustomed to, and which has been decided upon on many grounds, and which was not decided upon originally from motives of economy or anything of that kind.

8211. Now, whatever the origin was, the law probably sustains the principle of the seventh day's rest?—I do not know how far you can say the law sustains it. There are certain obsolete laws which are more or less enforced, but a good deal of Sunday work goes on.

Mr. *Courtney*—continued.

8212. You could not say that the law was interwoven with a feeling of morality amongst all classes so as to make them come to the conclusion that to work seven days would be immoral?—That is the conclusion which many classes have come to; but I think there is a large feeling as well that not to work on the seventh day is expedient—people find that from their own experience.

8213. If you had an eight hours law, it might, in time, at all events, work the same feeling on morality in reference to the eight hours?—I should doubt if that would be so. One cannot tell how long such laws would take in having that effect which you speak of.

8214. What did you find in the Australian Colonies—you visited them lately?—In the towns you had the eight hours' day very general.

8215. Even without a law?—They have laws in most of the colonies, I think; at any rate, the eight hours' day is very general.

8216. And a feeling has grown up that the eight hours' limit could not be broken in upon?—I am not able to say that; I did not see sufficient of colonial opinion to express an opinion on that point.

8217. Could you deduce any conclusion from the present state of the law as to prohibiting Sunday labour—do you know how it stands now?—Not precisely. I could not make a statement of the exact state of the law about Sunday labour.

8218. Supposing you take this as a statement of fact: It was forbidden by a statute of Charles II., but attempts having been made some 20 years ago by certain persons to take up and enforce that law by prosecutions, an Act was passed allowing prosecutions only to be instituted by the Attorney-General. If that is the state in which the law now stands, what deduction, if any, would you draw from it?—That the law is not enforced.

8219. That it is very inconvenient, and it remains now as a moral enactment?—I am afraid I have known of a great deal of work being done on a Sunday which, probably, no law would ever touch.

8220. With respect to the extension of municipal action, you put before the Commission a suggestion that there had been only an increase of 10 per cent. in the range of municipal activity in the last eight years?—Something like that, judging by the amount of expenditure shown in the local taxation accounts.

8221. Do you think that is a good test?—I think it is a very fair one. It is the only broadly available test that I can think of at the moment.

8222. Did you include in that poor law relief?—That was included in the total expenditure.

8223. On which the 10 per cent. increase was made?—Yes, that was so.

8224. Would you include in it expenditure on roads?—That is included. I took the figures from the local taxation returns in the Statistical Abstract for the United Kingdom, pages 42 and 43.*

Mr. *Courtney*—continued.

8225. 60,000,000 had grown to 67,000,000, I think you said?—61,000,000 have grown to about 67,000,000.

8226. About 10 per cent. or less than the increase of the population of the kingdom?—In that time.

8227. How large a part of that 61,000,000 was what may be called extensible expenditure, and how large a part of it unchangeable?—A very large part of it undoubtedly was not extensible, as you will see if you consider. For instance, the relief of the poor is not extensible; that is a sort of stationary quantity by comparison; and then you have a good deal of the county expenditure, such as the expenditure on roads, which certainly is not rapidly extensible.

8228. Then there is the expenditure on police?—An extensible item, one would think, at first sight, is the expenditure by town and municipal authorities for sanitary and other works, but even that has not increased very much. It has increased very much when you go back to 1867–68, but not when you compare 1879–80 with 1889–90.

8229. Does it not strike you that your test is rather unsatisfactory if you make it a test of the increase of the industrial undertakings of municipalities?—I think not. I do not think you would find that much change would be made by including that.

8230. You have not corrected your figures so as to ascertain?—I have got the figures before me if you would like to look at them.

8231. What would be the result if you attempted to confine the comparison to what I should call an extensible expenditure?—I may say that these are the chief items of increase in the extensible expenditure. School boards account for a very large amount of the increase, about 2,500,000*l.* nearly in the 10 years; the poor law, although it is comparatively stationary, accounts for a little of the increase; county authorities and highway boards, although we spoke of them as comparatively stationary, account for about another 1,000,000*l.* of the increase. Harbour authorities account for about 500,000*l.* of increase; the town and municipal authorities for police, sanitary, and other public works account for an increase from 31,700,000*l.* to 32,800,000*l.*; that is taking the year at the beginning and the year at the end, but the amounts have fluctuated a little from year to year.

8232. It would not be difficult, probably, to put out the exact estimate of the increase of expenditure, and therefore the increase of activity of municipalities?—Mr. Jesse Collings raised a point at the last meeting which I should like to look into, and that would be how far the gross expenditure of the gas and water undertakings of certain municipalities is included in these figures, but I do not think much difference would be made by looking into that point.

* "Statistical Abstract for the United Kingdom," 39th number, 1892.

Mr. *Courtney*—continued.

8233. You drew a distinction when you were last here which I should like a little further explanation upon with respect to income, the distinction between the amount of income and the amount of production in estimating the total income of the working classes; do you remember?—I made several distinctions, but the point I think that you are referring to now was that exchangeable income that we deal with in these statistics is not to be taken as the same thing as the total production of the country, that there is a considerable amount of production which is not exchanged, and which would appear as income if it did become the subject of exchange.

8234. Such as——?—I refer especially to domestic service, and services of that kind, by people who are not paid for it.

8235. If that were reckoned it would increase the amount of the apparent income of the working classes?—That would be so, but the figure is not to be spoken of as a figure of production.

8236. You appear also to have said something to the effect that the aggregate figures of income would include the income of certain kinds of labour and capital which is credited in respect of work merely done in keeping up the industrial machine, such as depreciation?—That is quite so.

8237. Why should not that be included?—It ought properly to be included as income, but I think the distinction which I drew was that this was not production for immediate consumption; that if you employ 10 men in maintaining a house, for instance, the house is maintained, but there is no more to enjoy than there was before; there is no more to be consumed than there was before the 10 men were employed for the maintaining of that house. It is credited to them as income as between them and other members of society, but there is no addition to what society can consume as the result of their labour.

8238. Is not society consuming it as it goes along?—Yes, but this is to preserve the capital, as it were.

Duke of *Devonshire*.

8239. What is the importance you attach to the distinction being observed?—That people must not use it as if the whole of that sum was available for consumption—a new consumption which they were able to have. It is only expended in maintaining the capital which you already have.

Mr. *Courtney*.

8240. Does not that apply to a great deal of other work that is paid for in England?—No doubt it does, but it is a very important thing in reference to many discussions that the point should be made.

8241. Would it apply to all work, the result of which was rapidly consumed?—There is a great deal of work which is rapidly consumed, or consumed within the year in which it is produced, or within a few months of the time in which it is produced, and which is available for immediate consumption.

8242. And this is not to be distinguished in kind from that?—It is not available for immediate consumption.

8243. Because it is consumed so rapidly?—It is consumed so slowly, really. You cannot live in a house which is to last 200 years and exhaust the thing in one year, that is quite plain.

8244. But it may be well said that what you are putting on to it in the way of maintenance is just setting off what you are consuming from that house in the way of use, although the house itself is not gone?—Certain attributes of it would be worn away.

8245. If they were not replaced?—I do not know that you could put it quite so strongly as that you cannot assume that a consumption equal to the replacement goes on. I had also in my mind the maintenance of instruments of further production to which that remark would not apply.

8246. Why would not it apply to that also?—If you make an instrument for further production you are not consuming that instrument; it is not a thing that you consume at all.

8247. A perfectly new instrument?—Or even if you maintain an instrument; you consume what the instrument produces, but you do not consume the instrument itself.

8248. Not in use? You may not destroy it utterly, but surely you consume a proportionate part of it by the use of a year?—Eventually it is consumed; that is the way that you would put it, I suppose. I am thinking very much of depreciation which is really necessary to maintain the thing in actual use.

8249. Could you give a figure to the importance you attach to this in the correction of your total estimates?—I should not like to give a figure, but I think it may be very important.

8250. You used a phrase in answer to Mr. Gerald Balfour, just now, which I confess I did not quite understand; you talked of cosmopolitan capital, what do you mean by that?—I mean the capital that is owned by people who are more ready to invest it in any direction where they can make a profit than capital which is more limited in its uses, which does not go quite so freely.

8251. It is not a characteristic of capital but of the capitalist?—Surely, but one talks quite readily of the capital itself by these phrases. That is a common usage of speech, I think I may say.

8252. After it has been appropriated to a particular use; but I thought you had in your mind the accumulations and savings of the community, and that you spoke of some of that whilst being saved as cosmopolitan capital, and other savings as not being so?—Well, that would depend upon who the owners of the savings are.

Mr. *Courtney*—continued.

8253. The savings themselves could have no such characteristic, but if they were saved by a particular class who are accustomed to invest abroad you would so describe the savings?—That would be so. The savings are invested as they are made; that is to say there is no large fund of saving which is accumulated in a box, as it were, and then taken out and invested, but the investment goes on whilst the saving is being made, and a certain part of the income goes to capitalists who are cosmopolitan in their character and invest as readily in one country almost as in another. A certain other part of the income goes to people who are not quite so free in choice of their investments.

8254. You attribute immense importance, as regards the future prospects of industrial society, to increasing the savings of working people?—I think from their point of view that that is extremely important.

8255. Why from their point of view alone; what do you mean by that limitation?—I mean that I am speaking in the interests of the working classes at this moment.

8256. Would it injure any other class?—It would not injure any other class, I think, except by diminishing the rate of interest which idle capital receives. That might be called an injury in one sense, but I do not think it would be a very serious one, even in that case.

8257. You think the savings of the working classes, if they were increased to the extent you wish, would have a material effect on the rate of interest?—I think a sensible effect. The effect of which I spoke was that probably after a few years the working classes would be receiving wages plus those savings, and would be just as well off, as far as expenditure is concerned, as they are now, and would have the savings of capital to rely upon in addition.

8258. You appear to have in your mind some probable uses to which those savings would be devoted, special uses in consequence of the class saving them?—I have a belief, that if the savings were made more largely you would have a great extension of building for the working classes themselves; I think that is one form which their improved condition would take.

8259. And they might also organise means of re-distribution or even production of the things that they themselves specially wanted?—That would be another mode of improving their condition.

8260. Those would be rather creating neglected modes of using capital, which could be used advantageously by them, but would not be used so advantageously by persons of a different class?—To some extent they can use capital in their own way for their own purposes.

8261. So far as they did that, would that have any effect on the general rate of interest?—To a certain extent, their doing so themselves would displace what is now done for them by other people, and it would have an effect upon the general rate of interest in that way.

8262. That is where they proceed to occupy a field already occupied?—That is so.

Mr. *Courtney*—continued.

8263. But you suggested that they would discover many new modes which might be conveniently occupied now by capitalists of a new class?—I do not think they are precisely new modes, but they are modes of doing better for themselves what is done imperfectly in some other way already. They are not precisely new things that are going to be done.

8264. But you look with favour upon every scheme for increasing the possibilities of industrial investments by the working classes?—Naturally.

8265. There have been complaints made as to the injurious effect of the small co-operative mills in Oldham on the position of cotton spinning?—There is no doubt the existence of small mills of that kind has many effects, some good and some evil, but I should think on the whole the general effect is advantageous of encouraging the small people to take to industries which they really can manage.

8266. It brings home to them the immediate use that can be made of thrift?—That is one advantage which it has, but in any case I should like to see the working classes more largely interested in capital in every sort of way. I think it would be most beneficial.

Mr. *Livesey*.

8267. I should like to emphasise what you said about strikes. I think you said that the indirect effects were very important, whereas the direct effects on the matter of loss of wages were comparatively trifling?—I mean in comparison with the total amount paid in wages in the country in a year, the amount that seems to be lost in wages is not very large. Of course, what is not large in comparison with the aggregate might be very important to the particular people affected, that I am not disputing.

8268. But you say the indirect effects are really very important very often?—There are no doubt very important indirect effects, where orders are turned away and things of that kind happen. I think I had in my mind very much what happened on the Thames about 26 or 27 years ago.

8269. 1866?—1866. At that time, as a matter of fact, the strike was the occasion of the shipbuilding industry leaving the Thames. I would not say altogether that the strike was therefore unjustifiable, or anything of that kind, because it often happens that there is a real division between employers and working men, and that the employers are unable to offer the wages which the working men really find that they can insist upon, and that if they do not get them there they will get the equivalent elsewhere. Possibly the time had come when the shipbuilding industry had got to leave the Thames. But that was a case where the strike was undoubtedly the occasion of very extensive indirect effects, out of all proportion to any immediate loss of wages which can be traced to strikes generally.

Mr. *Livesey*—continued.

8270. Now, about the savings, you have said that the working classes savings are about 6,200,000*l.*, but I see in that estimate you have left out such thing as building societies; have you included them in any of the tables?—I left out building societies because of late years I have no direct evidence before me that there has been any increase of accumulation of the working classes in that form. The figures you will find at pages 196 and 197 of the statistical abstract,* which seem to show that in the last few years there has been a comparatively small increase of the liabilities of the building societies. If we take that in connexion with what has happened recently, as we all see, in building societies, where so much loss has been made, I do not think at this moment I could have seen any indication in the building societies of savings that are made by working classes. And then, of course, it always remains to be considered that with building societies, as well as with savings banks and the other things, you are not entitled to say that all the saving that seems to be indicated there is made by the working classes.

8271. But the working classes in some parts of the country do become to a great extent owners of their own houses. I was in Leicester the other day, and I was told that street after street of houses belonged to the working classes?—That is undoubtedly so. There is no doubt of that. I was rather endeavouring to give indications from some well-known figures as to what the visible annual savings were than to make up any exact amount, which I did not pretend to do.

8272. But in reply to Mr. Courtney you said if they were to save more it would probably go to a considerable extent into buildings, they would become owners of their own houses?—To a much larger extent than they do now.

8273. It is to be deplored that they only save this 6,200,000*l.*, but how are they to increase it; have you ever thought of that; from what source? For instance, how are we to induce the working classes to increase their savings—have they much facility for saving,—for investing it, for instance?—There are no doubt difficulties of detail of that kind, but where you have so many banks as you have now there is really no difficulty in taking the first step. Surely, that is to put past the money—the difficulty of finding investments comes later on.

8274. The working man is at a greater disadvantage, in my opinion, than any other member of the community. In the first place if he saves money all his friends and relatives are on to him to get it out of him, and then he has very few facilities for investing it, except, say, at the Post Office rate of interest. Now, he would like a higher rate of interest that that?—That is all quite true.

8275. He has very few facilities?—That is all quite true. But I would not say that he has *very* few facilities.

8276. For investing, I mean?—I think the necessity of thrift and saving arises whether you have interest on your money or not. There was a great deal of saving in times when there was very little interest to be had for money.

8277. When they buried it in the ground?—When it was unsafe to put it out at interest.

8278. But still the working man, like other people, likes to get interest; he is very fond of his "divi," as he calls it, like other people?—That is quite so.

8279. Do you think that it would be an advantage if public bodies, such as public companies, gave facilities for their workpeople to invest money in the concern, and become shareholders—take the railway companies, for instance—a working man cannot very well become a shareholder?—I do not think there is very much difficulty, if the railway companies would only do what is done in the matter of accumulative consols and other things of that kind, to bring it home to the working men in their own employment.

8280. Do they do it?—I cannot say how far they do it or not, but I think, individually, it is done to some extent.

8281. The working man who has saved 5*l.* or 10*l.* cannot go to a stockbroker and invest it?—I think if the working man had the money and went to any friend near him he would find that he could invest it.

8282. He is rather suspicious of telling a friend that he has saved it?—No doubt that is a real difficulty.

8283. The friend would want to invest it for him?—The real difficulty is in getting to the stockbroker, but it is quite certain that very small sums can be invested in stocks and shares of English railways.

8284. I am anxious that public companies and employers generally should give opportunities to their workmen to place savings in the concern in which they work, and there are very few facilities, as far as I can learn, for that?—Except it be certain concerns, I do not think I should encourage that quite so much, because some concerns are much more speculative than others. Although it might be comparatively safe with railways, I should not be quite so certain if you were recommending the working men engaged in an iron work to put their savings into the iron work; or say, suppose they were employed by an ammunition company, to put their savings into an ammunition company would be a very dangerous business indeed.

8285. I only advocate safe investments for the men?—That is a real difficulty. How to invest is the real difficulty, undoubtedly, which applies to a great many other classes as well as to the working classes.

8286. That is one point—that one obstacle to saving is the real difficulty of investing the money safely?—I do not recognise it as an obstacle. There is a want of attraction, perhaps, but it is not an obstacle. The saving can be done if people are determined to do it without much thought of the interest.

* See question 8224.

Mr. *Livesey*—continued.

8287. Many years ago, Mr. Porter, of the Board of Trade—50 or 60 years ago, I suppose—made an estimate of what the people spent in drink. Have you ever gone into that at all?—I have never gone into that, and I feel a great difficulty in going into it.

8288. You know, I suppose, that a very large proportion of the working class earnings goes in drink?—I think a large proportion of some working men's earnings goes in it. I should not like to judge any class, and to intimate that the working classes are much different from any other classes in that respect. I should not like to make any such general statements.

8289. But you want to see the savings increased to 20,000,000*l.* from 6,000,000*l.*?—Undoubtedly.

8290. And if out of the 140,000,000*l.*, which was the drink bill for 1891, the working class proportion is half that, they might very easily save the 20,000,000*l.*, and a great deal more?—I should not like to put it on that ground alone, because I do not know how far the consumption of alcohol by the working classes may not be necessary and expedient.

8291. I shall not ask you any more questions on that. I do not know whether you told us what is the interest on the accumulated capital of the country?—I do not think I named any figure for that.

8292. Have you any idea what it is?—I should not like to put it on the average in that way, but a great deal of it, of course, as we can tell, only yields from 2½ to 4 per cent.—a very large amount of it. That we can say.

8293. The other day Mr. Tunstill told me, with regard to capital in Oldham cotton mills, there is 15,000,000*l.*, on which only ¾ per cent. was paid last year?—In stating a matter of that kind of course we ought to state averages.

8294. 2½ to 4 per cent.?—There is a vast amount of capital which brings no more than that to its owners, as we can see when we look at Consols, and look at railway debentures and railway preference, and even railway ordinary shares and the stocks of the chief foreign Governments, such as France—you can quite see that there is an immense amount of capital which does not bring in more than 2½ to 4 per cent.

8295. The average of the whole would not be over 4 per cent., would it?—Putting all industries together?

8296. Yes?—No, I would not like to say that, putting all industries together

8297. At any rate, a very large proportion is under 4 per cent.?—Yes, a very large amount is under 4 per cent.

8298. Now, I come to the question of profit-sharing. I think Mr. Gerald Balfour very aptly put one point. You say, in answer to question 6995, that it is "at a very early stage of experiment," and then you say, a few lines lower down, "I do not think it is very material in "a question of improving the remuneration "of the working classes myself, because there "are so many trades in which profits are at a "minimum point, and where the people engaged "in them must pay the same rate of wages as "the people who have profits to divide." Have you not really considered that point, that where the workers have a direct interest in the success or profit of a business, they would put more heart or more spirit into their work and more intelligence than where they are simply what Mr. Albert Grey called "hirelings" under the wages system only?—That would depend upon the amount of the interest, and I do not see how it meets the other point which I mentioned, that the people who are really making no profits, or very little profit, who have nothing to divide, nothing to share with the workmen, must pay the same remuneration as other people do.

8299. But some people have started the profit-sharing system when they have been earning no interest on capital, and their workers have recognised it, and have tried to make it a successful concern?—It is quite certain that that would not answer in all cases where little profit or no profit is earned.

8300. But if an employer said to his workers: "Now, I am engaged in a business in which I "have invested a certain amount of capital, and "on that capital I am deriving no interest "whatever; if this business succeeds, I expect "ultimately to have a profit; if I do not "succeed in making a profit, the business will "be closed, and your employment will be put "an end to; will you help me to make it a "success if I promise you a certain share of the "profits when I get them." Would not that have a good influence?—In some cases it might, but I do not know that it would have a very general effect.

8301. We had here, after you gave evidence, Mr. Vivian, and he was asked certain questions on this point. He said, in effect: "To give my "own experience as a workman, I say it is "the general complaint of the workers when "technical education is suggested to them:—"What is the use of it, seeing that capitalists "or other people run away with the results of "technical education?" He also said, as a young man it was constantly put to him: "It is no "use your trying to make yourself a more "skilled worker, or to be more useful to your "employer, because whatever extra profit you "may earn for him, he will get the whole of "it"; whereas, said he: "If the other system "were in vogue, it would produce a totally "different feeling. I should then try to do my "best, feeling that while I was doing my best, "I was doing it for myself as well as for my "employer"?—But still you come back to the case of a man who is making no profit at all, and who has no hope of making any, perhaps, for two or three years. He goes to the workman whom he is about to employ, and he says:

Mr. *Livesey*—continued.

"I will make you as well off as you are in any "profit-sharing concern."

8302. But does he? I doubt whether he does make him as well off; he gives him the regular rate of wages only?—I think you will find that as a matter of fact the struggling firms, especially if they hope to get into a better position, are quite prepared to remunerate those as highly as the firms which really have profits to divide.

8303. I do not know; they are bound to pay the current rate of wages, but the profit-sharing is something above and beyond that—the worker gets his current wages; then the capitalist takes a certain fixed interest on capital, and after that any surplus profits which may be made are to be divided between capitalist and worker, so that the worker in other trades where there is no profit-sharing would not get in addition to his wages an equivalent to the profit-sharing?—Then that would amount to a statement that the firms which share profits in that manner would have the pick of the market, and that a firm which was going into the business anew, and wishing to make a position for itself, would not pay the best price for the best labour, which seems to me a contradiction in itself.

8304. There is something more than skill—there is goodwill; if an employer, by a system which the workers may regard as a fair and just system, can obtain their goodwill and obtain a body of cheerful and contented workmen, that alone would enable that employer to make a larger profit than the employer who has not that goodwill?—The struggling firm which makes no profit at all must find some other mode of securing the goodwill or it will not succeed.

8305. I have this confidence in the working man that when the employer in a struggling firm makes a clean breast of it to his workmen, and says: "Here is my position," and when it is throughly made known to them what is the position, then I think they would take a just view of the matter, and say: "Well, master, we "will help you and try to do the best, and "hope for the best"?—And take a smaller remuneration than they could get by going next door?

8306. Take the current rate of wages?—And take a smaller remuneration than they could get by going next door.

8307. Perhaps they could not get next door; perhaps the next door is filled up for them?—I think that wherever there is competition the struggling firm would certainly pay the best wages—the best remuneration.

8308. Indeed?—Perhaps even go a little better than the firms which were able to divide a profit.

8309. Struggling firms making no profit?—A firm that is established with a view to making a profit after a time—of which there are a great many illustrations.

8310. Yes, there are; my impression is that he would much sooner make a profit if he got the goodwill of his workmen, if he had the workmen working with hearty goodwill with him. Now what is the wages system? A prominent man in the trades union movement told me the other day. I said, "How are "things going," and he said "Just as bad as "they can do; the old relations between em-"ployer and employed are gone, and in place "of them there is nothing but a bitter feeling." Now do not we want something if profit-sharing will not do it; what will bring about a better relation?—We hear many complaints of that kind, but I do not think that I could admit that the relations between employers and employed are worse than they were, say 30 or 40 years ago. I recollect very well indeed the most extreme and bitter relations between employers and employed.

8311. In isolated cases?—Frequently; in many cases. I do not think there is any ground for saying that they are worse now than they have been.

8312. Working men tell me the same. Take my own experience. I have known them in the same business in which I have been engaged all my life, for 30 or 40 years ago, and my impression is that the feeling of the working man for his employer then was of a more friendly character than it is now, because the employer was in a smaller way of business?—We hear great complaints; but I recollect very well what Glasgow was between 1850 and 1860, and I am quite certain that the relations now are no worse than they were then, taking employments generally.

8313. We want to make them better?—Of course, it is highly desirable that they should be better in many cases than they are.

8314. My point is, that the wages system alone will not produce satisfactory relations, because the wage-earner has no direct interest in the prosperity of the firm for which he works except the indirect possibility of loss of employment?—I think there is always this question behind, that after all it is a question of honesty to a large extent, and I do not believe that with the general run of honesty and a tolerably good discipline in business you have very bad results to anticipate.

8315. No, let me say this, that I think it reflects the greatest credit on the working classes that they having no direct interest in the prosperity of a business, so large a proportion of them have done their duty so honestly and so thoroughly; but I do feel, that if they had a direct interest it would produce a different feeling on their part?—I do not wish to discourage it in any way whatsoever, where people think that profit-sharing can be profitably applied; but I have stated these points which I have stated for the sake of illustrating the point that I do not think it can be a general solution.

8316. Nothing can be a general solution I am afraid, but it might do a great deal, do you not think, by making the interests of the worker and employer identical; the wages system does not do that?—I am not at all sure that that is

Mr. *Livesey*—continued.

the case. I do think that in the wage system, where a man does honestly what he contracts to do there is a good relation necessarily established between employer and employed. I have seen so much of it in many different kinds of employment. Really, what you have got to trust to is the honesty and good faith of both parties in fulfilling their contract.

8317. I was told a circumstance yesterday of one of our men, a bricklayer. He was found fault with by his mates for working as well as he did, and his answer was "I know what is a "fair day's work for a fair day's wage and I "mean to do it," but he had to meet the opposition of his mates, who did not like him working so well?—That is no doubt very bad, but I should doubt whether that spirit is universal amongst the working classes at all, I do not believe that for a moment.

8318. It is not universal?—Or even very general, I do not believe it for a moment.

8319. But do you not admit that the working classes under the present system, except for the high principle of honesty and fair dealing, have no strong motive to do their best for their employer?—I think there is no stronger motive than honesty and fair dealing—it is a much stronger motive than self interest of that kind which you are describing.

8320. Yes, but that is taking very high ground. Now, dealing with human nature generally, do not we say that the man works for pay—you do your work for the love of it, I am quite sure of that; but taking human nature generally do not people work for pay?—No, I am bound to say that I work for pay, that if I was not paid and was left to choose my own work I do not know that I would do quite the same that I do now. But surely it is a matter of honesty and good faith that when you undertake to do certain things, you should do them, and that applies not merely to contracts between working men and employers, but in contracts of bargain and sale, and amongst dealers of all classes. That really is what you have got to trust to, and you do not get so very much by adding on a small self interest. In some employments that additional self interest may be very useful, but there are so many employments where it would not count, that I do not think you can rely very much upon it.

8321. But even upon the question of honesty a man says, I am paid for my time, and I am paid a fair day's wage for a fair day's work, and there is an end of it; but if he were told, if you can make any improvements or any suggestions whereby the work can be facilitated you shall have a share in those profits, would not he go something beyond; is not that a question of honesty too?—No. I am thinking now, for instance, of the Civil Service, where there is a large amount of employment, and where there is no question of profit coming in. I am quite sure, if that spirit of simply doing the least that could be done and no more existed very generally in the Civil Service, the work of the country would come to a standstill altogether. It is only the fact that you have other things to rely upon that makes the work so satisfactory as it really is.

8322–3. I was going a little beyond that. I say where a man does a fair day's work he has no inducement then to improve upon that. Now it is within the power of the workers in any business to vastly facilitate and improve the working if their wits and intelligence are devoted to it, but the man says, I am paid to do my day's work, but I am not paid to suggest improvements?—We all know the man in different employments who acts in that manner, but undoubtedly he is an inferior type of man, and happily for mankind there are a great many other people who do not act on that motive. I do not think the working classes act more upon that motive than other people.

8324. Then you have no suggestion to make as to producing an identity of interest between employer and employed?—Because I think their interests are identical already—in substance.

8325. In substance?—There is the form of competition in which each man strives to get what is best and to make the best bargain he can, but at bottom the interests of all are identical.

8326. So do I think, but they do not see it very closely—however, I will go from that. Now, you said something about insurance against old age and accidents, did you mean for men only?—No.

8327. You said it would be very expensive by the State?—Undoubtedly.

8328. But you have formed no opinion, I suppose, as to how much it would cost weekly?—It depends entirely on what the system is, and what the contributions are to be. Weekly contributions would be excessively expensive naturally, because of the keeping of accounts, so that each contribution was credited to the particular man, and difficulties of that kind.

8329. I quite agree with you that is almost impossible; but suppose private firms or companies were required to make provision, could it not be done much easier and better in that way?—Yes, but the difficulty immediately would be how long does a private firm or company exist? Partnerships are terminable things and exist for 7, or 10, or 15 years, perhaps, and then the partnership comes to an end, and how is the insurance to go on after that.

8330. Yes, that is the difficulty, but I do not think that is a difficulty which is insuperable. It could be done through some insurance company?—Then, no doubt, the insurance companies would look after it; but when you consider that in the industrial insurance companies, for instance, the expenditure out of the premium income amounts to 40 per cent. on the average, or something like that—out of five millions of premiums you have two millions actually spent in working—you will see what great expense the thing leads to.

8331. Could not such concerns as the great railway companies, for instance, do it; have they not facilities?—They would have facilities for doing it, and I think some of them, if I mistake

Mr. *Livesey*—continued.

not, do a great deal already, such as the London and South-Western, but then I think they do it, if I recollect rightly, in a very simple way, because they simply pay the superannuations, and make no deductions.

8332. In another case with which I am acquainted we have had a superannuation fund started since 1855; the workers pay 3*d.* per week and the company add another 3*d.*; and this has been found quite sufficient. The pensions range from 10*s.* upwards per week after 65 years of age, or when disabled; that is only 6*d.* a week to do it all?—Of course that does not raise the question of compulsory insurance which I was talking about.

8333. Would not a great extension of this voluntary insurance be a great advantage to the country?—No doubt it would; that is the same problem of thrift in another form.

8334. Then you told us, in question 7056, that you looked for the improvement of the working classes to invention, education, and thrift; now would you include in that word "education" an economic education, or an education somewhat similar to that which the employer has gone through, of learning to understand the industrial business of the country—not mere book learning?—No, that was not what was in my mind, it was simply what was ordinarily meant by a good education—I had no special meaning.

8335. Do you not think a special education of the workers, if they could be brought into association with their employers and taught to understand the difficulties and vicissitudes of business, would tend largely to prevent disputes. We have been told over and over again that a great many of the disputes are due to ignorance, and the education that I am driving at is an education in the industrial business of the country?—I do not know how far in detail the disputes are due to ignorance of special economic causes and effects; I should be inclined to think not—that it is ignorance of a more general kind I should be disposed to say.

Mr. *Tait.*

8336. You have expressed an opinion adverse to an eight hours' day generally?—To a compulsory eight hours' day.

8337. Have you not some trades in your mind in which, supposing they just now were, by arrangement with their employers, to reduce their hours to eight per day, that would be injurious in the interests of the workmen?—I think there may be some trades of that kind; that is a matter of detail about which one could not speak.

8338. I think you have also expressed the opinion that if there is to be a compulsory eight hours' day, or a further reduction of the hours, the cost of that reduction would have to come off wages?—In some trades that would be so.

8339. Would that apply generally?—If a trade is getting to the point at which eight hours is the most profitable number of hours, then there would be no reduction, but in all other trades there would necessarily be a reduction of the remuneration relatively to the others.

Mr. *Tait*—continued.

8340. I think you, above any other person in the United Kingdom, will be posted up in the wages of to-day and the wages 20 years ago; are they higher to-day?—They are higher to-day than they were 20 years ago.

8341. 20 years ago their hours were longer than they are to-day?—Generally longer.

8342. Therefore, following on a reduction of the hours there has been an advance of pay?—That is so.

8343. Then how do you reconcile facts of this kind with this statement that you think that if there is a further reduction of hours it will have to come off wages?—Because the reduction of hours which has taken place in the last 20 years has taken place naturally. You are speaking now of a sudden reduction of hours. You take it that the reduction of hours is the cause of the increase of pay, whereas the reduction of hours, from my point of view, results from the same causes as the increase of pay itself; it is another form of increased pay.

8344. I do not go upon the premises which you state, I am going upon the facts which have been brought out from statistics, compiled by yourself and others, that we have had a reduction of the working hours during these last 20 years, and that following that reduction we have had an increase of the wages?—But that is not at all inconsistent with what I am saying now; I do not see the inconsistency at all. It is quite possible if you were to reduce the hours by compulsion now that at the end of 20 years you might find wages just as good as they are now, or better, and that you had the reduction of hours besides; but so far as it is a reduction of hours it would tend to have the other effect. There are, however, so many causes operating, as I hope, to bring about an increase of real wages, that you miss the effect of the particular thing that you are doing.

8345. Then, do I take it you have arrived at the conclusion that in some trades in this country we have got to the minimum number of hours that the men should work?—I have expressed no opinion upon that at all; that really must depend upon the facts of each trade itself.

8346. Yes, but when you state to the Commission that there are some industries which could be well put upon an eight hours' day, and mention some of them, for instance, mining, which you said was dangerous, chemical working, which you said was unhealthy, and so forth, what basis do you go upon in saying that the proprietor of the mine, or the proprietor of the chemical works should be forced by Government to put his workmen upon an eight hours' day?—I was suggesting it for the consideration of the State for social reasons.

8347. Social reasons?—Yes.

8348. Could the same reasoning not be put forward, or a similar kind of reasoning, for other classes of workmen, who might turn round to the State and say, "I want more time for study and

Mr. *Tait*—continued.

"relaxation than I presently have, which would "be a benefit to myself and to my family"; would not that be a good reason?—Not quite so strong as some other reasons which might be given, and I do not think it could be said that even hours which are longer than eight are unsuitable in many trades socially for the people engaged in them. The point which I put was that it was for them to consider whether they would submit to the relative reduction in the remuneration. Of course, if they choose to have shorter hours of work and less remuneration, that is entirely for them to consider.

8349. I will just take you now to the work of the Labour Department, which has been newly created. Of course, it will be naturally expected that it will carry on in the future the work of the Department, of which yourself and Mr. Burnett have been at the head—regarding, for instance, the number of hours which men work, and the wages which they receive; you have got through the trades and through that Department the prices of commodities which workmen pay for in their districts, and tabulated them. Then you have ample opportunity of getting at workmen's savings, which you have put forward to the Commission, and you have also easy access to the amount of rent which the workman pays for his dwelling, and the interest which he receives for his investments. With these facts before you, you have really the workman's position in your hand; you have first the rent, then the interest which he is receiving for any capital which he may have invested, you have the hours he works, the wages which he receives, and you have the prices in tabulated or statistical form of the commodities which he uses, and therefore you can easily get at the workman's position. With this information at the disposal of the Department, will not the whole income of the workman be easily accessible through the Labour Department?—I hope it will be easily accessible when we have our reports published.

8350. You also have access to the price of the raw material?—That is so, especially in the foreign trade.

8351. The point I wish to get at is this: has the Board of Trade in the past ever attempted to ascertain the amount of overtime which was worked by the man after doing his ordinary week's work, and the amount of payment for the same?—There is a good deal of information on these points in the reports which we have published in detail.

8352. But you never went into it as fully as you went into the question of ordinary hours and ordinary wages?—We never went into it in the shape of making a special report about it, so as to summarise what is done in different trades and bring it all to the focus, which really would be a work of enormous labour.

8353. Do you not think that if such information as that was at the disposal of the workmen, and these workmen were to consider the position of their employer, comparatively speaking, with the details which the Board of Trade would from time to time place before them, that that would considerably minimise many of the strikes and prevent many of the strikes which take place owing to their having that commercial information?—I think the whole effect of information which is published eventually will be to diminish strikes.

8354. And that it will be beneficial?—It will be beneficial, but every strike of course depends upon local circumstances, local passions, and local feelings, which do not get to be known to the general public very much.

8355. There may be. I understand that; but do you not think that even that local feeling and those passions would be dispelled if they had authoritative information before them; that the firm, for instance, could not afford it?—I should doubt whether strikes would come to an end for many many years to come yet.

8356. I do not suppose they ever will, but do not you think that the fact of workmen, irrespective of their local feelings and passions, as you say, having this information before them would go a very long way towards preventing strikes?—I think that it would tend to diminish them undoubtedly.

Mr. *Austin.*

8357. You stated that the wages of agricultural labourers were only 20*s.* a week?—Not more as a rule.

8358. How much under 20*s.* does the agricultural labourer of this kingdom receive?—From about 10*s.* in Ireland to about 18*s.* in the north of England and Scotland; those would be about the range of ordinary agricultural wages according to the latest figures that are before me, but I believe the Commission will have better figures.

8359. From 10*s.* in Ireland?—Yes.

8360. Would I be right in saying that the average wages of an agricultural labourer in Ireland run from 6*s.* to 8*s.*?—There is a great deal of evidence in that Military Commission which seems to bring it up very often to about 10*s.* I would not say that there are not many cases below that.

Mr. *Plimsoll.*

8361. I understood you to say in your examination in chief, that you estimated the American workman received about 25 per cent. more wages than the English workman, I presume you limited yourself to the consideration of the cash aspect of the question, did you not?—No, I was pointing to the fact that the assumption that 65 to 70 per cent. represented the difference between the American workman and the English workman would not be justified if you included the earnings of the people engaged in agriculture in the United States, which would bring down the average very much indeed.

Duke of *Devonshire.*

8362. On the question of savings I understand you to anticipate some special advantages in

Duke of *Devonshire*—continued.

the improvement of the condition of the working classes which would be effected by a larger rate of savings of their own?—Savings of their own, I think, would be most beneficial to the class.

8363. For what reason, as compared with the benefits to be derived from the savings of other classes?—Because the possession would give them a sense of security and a certain power in employing the capital for their own purposes.

8364. Is it that the capital would be employed more advantageously in your opinion?—I think so on the whole, for their own purposes.

8365. Although you anticipate special advantages from their own savings, very considerable improvement in the condition of the working classes would be produced by a higher rate of savings on the part of all other classes, would it not?—That would be so.

8366. Have not every other class greater facilities for saving, greater power of saving, than the working classes?—That is so. They are better acquainted with investments and matters of that kind.

8367. Have they not a greater margin to save on?—No doubt they have a greater margin to save upon.

8368. If saving is recommended to the working classes as the principal source of the improvement of their position, might not they naturally inquire why the example was not set by the other classes?—I do think it is one of the misfortunes of England socially that the middle classes do not save a great deal more than they do. I have seen a great amount of distress amongst the middle classes and the lower middle classes of the same kind as occurs among the working classes from the neglect of this thrift, a vast amount of suffering I have seen.

8369. Then any example which would be set by the middle class or the income-tax-paying classes in the direction of increased savings would, in your opinion, be a great advantage to the working classes?—That would be highly beneficial.

8370. Would an increased rate of saving on the part of all classes be, in your opinion, the best form of benevolence?—I think so, but not to the exclusion of all other forms.

8371. More beneficial than applying such savings in any form of charity?—There are many forms of charity, I think, much less beneficial than this saving would be.

8372. Then it is, I presume, a condition of the beneficial effect of such savings, whether by other classes or by the working classes themselves, that the savings should be judiciously and prudently invested?—Undoubedly.

8373. If they are invested in some form which turns out to be entirely unproductive, they are not saved—they are really wasted?—They are not saved, they are wasted, just as you see with the building societies at this moment; one is in doubt whether there has been any accumulation going on there at all these last two or three years, because there has been so much bad investment.

Duke of *Devonshire*—continued.

8374. From your answer to Mr. Livesey I do not understand that you have any suggestion to make as to guiding the working classes in the direction of the investment of their savings?—No, not much in that way. I think the main thing is to have the spirit of saving introduced.

8375. What would be the economical effect on their condition of investment in savings banks?—Investments in savings banks would eventually come into the general market of investments so long as they are kept in savings banks.

8376. Then such investment of savings would be, generally speaking, not only a safe one, but also a beneficial one?—And it would also have an effect in tending to reduce the general rate of interest—it would have that effect decidedly, and that would be the main economical effect, I think.

8377. Then, in the absence of any new form of investment more attractive and equally safe, a large number of the working classes desiring to save cannot do better than invest in the savings bank?—That, I think, is the first step.

8378. Some of the savings, I think you said, were more of the nature of an insurance than savings?—That is so.

8379. Such as savings invested in friendly societies?—Yes, and I think to some extent in industrial insurance. In industrial insurance you have about 5,000,000*l.* of premiums paid; out of that 2,000,000*l.* are spent in expenses; they are gone once for all; you cannot say that they are saved in any shape or form; and of the remainder, apparently about 2,000,000*l.* is paid in claims annually. I should say from the nature of industrial insurance that the greater part, if not the whole, of that 2,000,000*l.* is really money which is taken from the insurance companies and spent, and that the amount of actual saving which seems to me to be shown by the industrial insurance figures is about 1,000,000*l.*, that being the increase of the insurance fund of the industrial companies one year with another in recent years. Of course the savings of the whole 5,000,000*l.* to some extent—a large part of them—are savings of the individuals who make them, but looking at the savings of the class you find that the claims are taken out and spent, and that it is only the difference that is accumulated, and has any of that effect on the markets for investments that I have been speaking of.

Mr. *Courtney.*

8380. Still they immensely improve the social condition of that class?—No doubt, that I am not disputing; but I am looking at it especially from the point of view of what is accumulated.

8381. They are provisions for things which otherwise would be unprovided for?—That is so.

The witness withdrew.

Mr. HENRY MAYERS HYNDMAN called and examined.

Duke of *Devonshire.*

8382. You are anxious, I believe, to offer some evidence to the Commission upon certain points concerning the relations between employer and employed?—I thought it possible that, as the ideas which I advocate have had a considerable amount of promulgation amongst the working classes during the last 12 years, that the theories and facts and figures which lie behind them might reasonably be put before this Commission.

8383. I can only ask you to make any statement you desire to make, and on that perhaps some members of the Commission may desire to examine you?—I am perfectly ready.

8384. You have handed in a summary of the evidence which you propose to give, and I suppose you have a copy of it?—I have expanded it a little but not very much.

8385. Then I think, perhaps, that it is not necessary that I should begin by endeavouring to elicit what you have to say by questions, but you can commence with your own statement?—If you will permit me to do that perhaps it will be quicker and briefer.

8386. Yes, I think so?—The view that is taken of the matter by myself and those who hold similar opinions to mine, is, that our present system of production and distribution and the relations between employers and employed is little short of anarchical; that the whole system of relations between the wage earning and the capitalist class is based upon a series of conditions which is little short of anarchical, and I say that it rests upon a whole series of antagonisms which arise out of the economic conditions around us, the economic conditions into which we have grown up; between, that is to say, the social production which is constantly going on for social uses and exchange which has only a social purpose, and the absolute individual or company ownership of the machinery and land and means of making wealth; and not only so but of the commodities produced. Thus those who are employed have no control, either over the amount of the commodities that are produced for exchange, over the machinery by which they are produced, nor over their adulteration or any other drawback that arises in the process of making those commodities. I say, therefore, that between those two sides of the industrial machine, between the social side, which is the organised production, and the individual ownership, there is constant and continuous antagonism. This, which has its basis in purely historic and economic causes, gives rise to the class antagonism between the wage-earners,—who, as a rule, own no property, and who are also increasingly prevented, owing to the larger scope of enterprise, from ever having possession of property themselves or of rising out of the wage earning class, and are obliged to compete for a wage measured by the standard of life in the particular stratification of labour into which they are born and in which they are

Duke of *Devonshire*—continued.

educated, and which rarely exceeds the necessaries of life,—between these profitless wage-earners and the owners of machinery and lands and raw material, &c., whether they be in the form of individuals or of companies, there is a necessary and definite class antagonism. Because on the one hand the wage-earner is necessarily anxious, as has been seen in all the evidence that has been submitted to the Commission, to obtain as large an amount of wages as he can to raise his standard of life if so it may be; and on the other hand it is a direct object of all capitalists to get the largest amount of labour embodied in their commodities at the lowest rate of wages which is possibly consistent with good work. And the wages so paid to the employed constitute but a fraction of the value which they impart to the raw material as it passes through the manufacturing or profit-producing process. Therefore there is and must ever be a definite and distinct economic and personal antagonism between these wage-earners and those who are anxious that, supposing their work is equally good, their wages should be as low as possibly may be. Up to the point of monopoly in the form of American Trusts, or something of that sort being created, there is antagonism between the employers themselves, who are driven to compete against one another perpetually for profit. In addition to these antagonisms there is likewise another between the complete and thorough organisation of the social labour in the factory, which is organised to the highest degree that is possible, as in great shipyards, and great cotton establishments, and in all the great factory industries with which we are all of us familiar—between that excessive organisation, as it might almost be called, that exists in manufacture, and is beginning to exist even in agriculture, in the factory farms of the north-west of America, and in a certain degree in the market gardens at home—between this organisation, and the unregulated disposition of the commodities which are the result of this organisation, there is also a complete and definite antagonism. On the one hand you have organisation pushed to its highest point, and on the other hand, as I shall contend, under present conditions, you have anarchy pushed almost to its highest point. Again, in disposing of those goods and those commodities which are produced by the exchange, they are produced not primarily for use, not for the use, or looking towards the use, by the individuals who produce them, nor specially by any particular person with regard to the particular goodness of the things produced, but for the purpose of profit to be made out of the labour of those employed, and not with regard to the interests of the community. There is also an antagonism between the commodities themselves and the money or gold, which forms at one and the same time a medium of exchange, a means of payment, and a standard of value, and in all three of those directions antagonism and difficulty is constantly arising under our present

Duke of *Devonshire*—continued.

system. In addition to which it may be added, that there is a similar antagonism which we see to-day between the producers, be they manufacturers or wage-earners, and the middlemen. And lastly, arising out of and based upon all this, there is a growing antagonism between town and country, between the great cities which have grown up, not in this country alone, but in every other under the capitalist form of production, and the country which is being denuded, not in this country alone, but in others, of its inhabitants, who are gradually aggregating into the towns. As a result of the ownership of the land and machinery by a comparatively small number of the community, all the improvements which are made under our present progressive society, whether it be in chemistry or in machinery, or in the application of electricity, or in any other department whatsoever, go not into the hands of the community nor into the hands of the directly producing classes, but into the hands of those who control labour, namely, the capitalist class, be they manufacturers or be they farmers of the land.

8387. You say the improvements go into their hands ?—I mean improvements in processes.

8388. But do not you mean the benefit resulting from the improvements ?—The handling of the improvements likewise. Supposing, for instance, it is discovered that nitrate of soda will produce an enhanced crop from the soil, the benefit of that enhanced crop, and the manipulation of the nitrate of soda, go not into the hands of the agricultural labourer, but into the hands of the farmer, who proposes to make an extra profit by that without increasing the wages of his hands. Does your Grace mean that the expression is incorrect.

8389. Do you mean the benefit of the improvement ?—Yes, they are improvements.

8390. The advantage derived from the improvement goes into their hands ?—Yes, both the one and the other. I mean that the management of the improvements, be they chemical or mechanical, goes into the hands of the class that employs labour, and not into the hands of the labourers themselves, or of the community at large. The phrasing is defective I admit. I meant to include both—both the improvements of the production and improvements in the sense of chemical invention or mechanical device.

8391. How do you show that an unfair benefit of the improvements goes into the hands of the employers ?—In this way, that though, as I shall contend at a later period, the increase of the wealth of the country, admitted by the last witness, has been very great, especially in proportion to the number of those who are actually engaged in production, the amount of the increase in wages has been out of all proportion less than the increase in the power of men to make wealth, and this applies, not to this country alone, but to every progressive country. The benefit, in point of fact, does not come to the wage-earner, who has no control, but to the capitalist primarily, who has every control.

Duke of *Devonshire*—continued.

8392. You do not assert that the whole benefit of the improvement has gone to the employer ?—To the employer and those who are dependent upon him. I do not say the whole. I will admit there has been a rise in wages, but a rise in wages out of all proportion smaller than the relative improvement in the production of wealth—out of all proportion smaller.

8393. You do not wish to give any figures upon that subject, do you ?—Unfortunately in this country the absolute increase of the power of production cannot be arrived at fully. It is more fully arrived at in America, but not here. But I would give some figures that I have made out as far as I can for myself. I made them out a few years ago to show that that is so, especially in the cotton industry, and the woollen industry, and in other departments does that hold good. In the West of America, one man working on the soil to-day will support, probably, not fewer than 100 people. On Mr. Dalrymple's great factory farms in Dakota, I should say that the amount of one man's production there would support considerably more than 100—nearer 1,000—and I say that the wages of those who produce these extraordinary results by their work is out of all proportion smaller than the improved power of production which they exercise. This increased power has been enormous, and many times greater than any increase of population ever recorded. The wealth increases very rapidly, and the power to produce wealth per head of the population employed increases, but the workers get very little, if any, benefit from this. It is in consequence of the constant struggle for better conditions of life on the one hand, seeing this vast increase of wealth which is got by the improved conditions of production, and the endeavours of employers, who, as Adam Smith said more than a century ago, seem in constant conspiracy to keep down the rate of wages, and are necessarily so, not because they wish it, but because they cannot help it. It is out of this struggle that strikes and lock-outs arise, such as are to be seen even at the present moment, in the failure of the sliding-scale system in South Wales, and also from the lock-out that has arisen in the cotton industry. This constant antagonism is perpetually manifest owing to those causes.

8394. Then you consider that under the present system strikes are inevitable ?—Strikes are inevitable where a conflict occurs, until the workers are sufficiently educated to understand that strikes are the worst way possible of meeting the difficulty. Personally I have never originated a strike or suggested one, but have constantly helped them when they have taken place; but the workers, it seems to me, are inevitably driven into strikes until they obtain, through political means, or by other means, the control over the means of production, which are at present in other people's hands. Until they are able to do that, I venture to think that these strikes will continue, much as one may deplore them.

Duke of *Devonshire*—continued.

8395. You have no remedy to suggest, except complete re-organisation of the existing means of production?—I have some palliatives to suggest which I would suggest later on. I do not think that anything will finally put a stop to these antagonisms until people begin to appreciate what is going on round them, and endeavour to change it; and I do not see why the whole community should not combine in the endeavour to bring about the changes in a peaceable manner. In point of fact, that is my object in offering my evidence here.

8396. Do you prefer to speak of the palliatives you have suggested, or of the principles of them?—I would like to point out, if I might, that, for instance, at the present moment, we are suffering from a severe depression of trade for the ninth time in the present century, and that this is due to social causes, not to causes outside our own control at all. That is what I was going to endeavour to suggest, that owing to this glut of commodities which arises at the present time periodically—the glut in the market, the incapacity to sell, and to meet bills, and the lack of confidence, and the like—at the present moment we have what is practically a commercial crisis; and I say that that crisis is the ninth of the century, and these crises must recur periodically, so long as the present system remains in its existing form. If I might put it so, strikes are the unconscious manifestations of the revolt of the wage-earners against their conditions of life. Crises are the unconscious manifestations of the incapacity of the capitalist and employing class to handle the vast machinery of modern production to the advantage of the community. And I say that all this must necessarily go on so long as the present wage-earning system continues, and until society adopts co-operation in place of competition as the basis of production. Those evils necessarily arise out of the present conditions, and during these periods of crisis the evils of our present system are greatly intensified. The evils of over-work, under-pay, sweating, and so forth, which this Commission has examined into, and which are to be seen even in good times, are vastly enhanced in bad times, and thousands are reduced to starvation and misery as they are at present, by causes entirely outside their control in any shape or way. These evils, even if they were ever so thrifty, or ever so temperate, or ever so desirous of raising themselves from the condition of life into which they were born—no matter how many trade unions they may belong to, or benefit societies—would equally occur, and they would be thrown out of work precisely as they are to-day. From 1882 or 1883 to 1888, thousands of men were thrown out of work, and there was an increasing amount of misery in every department of trade in this county; and from 1891 onwards, exactly the same kind of phenomena are to be discerned and are going on at this moment, and, if I may say so, they might easily have been forecast from the circumstances that had arisen. I would suggest thatin regard to the unemployed, who are thus thrown upon the streets, owing to no fault of their own, it is the duty of the community (and this Commission might reasonably recommend) that certain legislation should be adopted, which would have the effect of lessening the weight and the difficulty of these times by organising labour so thrown out and weighing upon the market, having also the incidental effect of keeping down any possible rise of wages during these periods of depression.

8397. That is one proposal which you describe as a palliative, is it?—Those would be palliatives certainly. They would lead, I hope, to a recognition of the duty of the community at large towards every portion of it, leading gradually to a re-organisation upon a co-operative basis.

8398. Do you wish to describe to the Commission what your re-organisation of labour on a co-operative bases would be—what form would it take?—I would suggest it in regard to railways at the close of my evidence, if I might do so, which are the readiest, at the present moment, for the application of State or communal administration, and, in point of fact, they could better be so administered.

8399. Will you make your suggestions in the order in which you desire to make them. I find in the notes of your evidence, that you suggest there is no means of harmonising existing antagonisms, such as must develop out of existing conditions except on the basis of the commonwealth you speak of?—That is what I should contend; but I think there is no reason, presuming it to be so, that we should not recognise that, and endeavour to work up to it. In fact, I think circumstances are working towards it at the present moment; but the question is whether it is going to be done consciously, or unconsciously and therefore anarchically. I do not think that it is possible to stop it under any circumstances.

8400. Do you wish to describe the co-operative commonwealth?—I think that would be entering upon Utopia.

8401. Then that is not what you anticipate at present?—I do not anticipate it until the wage——

8402. You do not advocate it; you do not wish for it?—I do not say I do not wish for it, but I say I do not think at the present moment that it is, perhaps, immediately attainable.

8403. Then, perhaps, you will say what at the present moment you think is to be done. You have mentioned measures which you think this Commission might advocate?—I have. What I have not yet observed, if I might say so, is that my contentions as to the result of the present system are fully admitted. I have not seen in the evidence before this Commission, except from, perhaps, one, that it is admitted that the physical force of the population which has been driven or is gradually aggregating into the cities, even supposing their wages, for example, are somewhat enhanced, is deteriorating. I have not seen it admitted that their physical

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condition has deteriorated and is deteriorating, and that, therefore, there is a strong and imperative reason for adopting palliatives and for taking other steps. If that is admitted, that the inventive faculty, for example, and initiative amongst the workers has been to a large extent crushed during the last 40 or 50 years by the operation of the capitalist system; if it be admitted, as the Blue Books show, that the use of half-timers and child labour is producing a defective race; if it be admitted likewise that the commercial crises under which we are periodically suffering, tend further in the direction of the physical deterioration which is at present going on, and which is exhibited in the reduction of the standard of height for the Army, and the difficulty of securing stalwart navvies, and in other directions, then I certainly think it would be unnecessary for me to enlarge upon it. Certainly one member of the Commission admits all that in the fullest way as to the effect of the migration towards the towns.

8404. Who is that?—That is Professor Marshall. "In almost all countries there is a "constant migration towards the towns. The "large towns, and especially London" (we heard something about the residuum this morning), "which is absorbing the very best blood from all the "rest of England; the most enterprising, the most "highly-gifted, those with the highest physique "and strongest characters go there to find scope "for their abilities" (and when they are there what is done with them?). "By the time their "children and their children's children have "grown up, without healthy play and without "fresh air, there is little trace left of their "original vigour. This is seen even in trades "that require but little muscular strength. "Only a very small proportion of those artisans "to whom London owes its pre-eminence as a "centre of highly skilled work come from "parents who are born there; and there are "scarcely any whose grandparents were born "there."

8405. Whose evidence is this?—This is from Professor Marshall's "Principles of Economics," page 254.

8406. That is not evidence given before this Commission, then?—No. I was only putting in that as a statement. If it is taken as admitted that that is so, and I do not think it could be challenged, I think it gives a considerable amount of force to the argument that some steps should be taken in the direction of meeting this growing deterioration and the etiolation which takes place in the great cities; and I think that, therefore, as it is manifest that individual effort has no effect in this direction; on the contrary, that individual effort has resulted in this anarchical effect upon the population, it is high time that co-operative effort were tried in place of it in order to see what that might do. If that were admitted I would not labour in that matter further, or take up the time of the Commission at all, if that is taken for granted.

Sir *Michael Hicks-Beach.*

Admitting it all, what is the remedy?

Duke of *Devonshire.*

Mr. Hyndman wants to make certain suggestions as to remedies.

(*Witness.*) I wanted to say also that there was plenty of room to apply the remedies from the evidence of the last witness in regard to the figures of the wealth and its distribution. I might be met at a later stage with the statement, that all is very well but there is no scope for improvement. Indeed, one Commissioner, Mr. Gerald Balfour, put a question to Mr. Giffen, which I happened to hear, and which went to show that supposing that the wealth were equitably distributed nobody would be much better off. Therefore I want to say, prior to entering upon the remedies, that there is plenty of room for them to be applied for the benefit of the community without materially injuring anybody even. For instance, at the present moment, though I consider those figures which were given as to the wages of the wage-earning classes excessive and optimistic, and I am borne out in that by every working man whom I know; still, taking them at that, the total income of the country would be from 1,400,000,000*l.* to 1,500,000,000*l.*, and out of that the working classes are represented by Mr. Robert Giffen as receiving a matter of 628,000,000*l.* But in that 628,000,000*l.* are included over 2,000,000 of domestic servants, who cannot be called a producing portion of the community any more than a foreign army; and there is the army and navy and the police. Whatever other good functions they perform, they are certainly not producers. Therefore, I think, that out of that total of 1,400,000,000*l.* to 1,500,000,000*l.*, the outside, even on Mr. Giffen's optimistic figures, that the producing or the actual producing wage-earning class receives is considerably under 500,000,000*l.*, or less than a third of the whole; and I say that out of this rent has likewise to be paid back to the non-producing class, and this rent, as was found by the committee specially appointed by the Trades Council of London, averages from about one-fifth to one-third of the wages so paid. If that were taken out it would be found, I think, that, for instance, when thrift is proposed as a remedy there is very little to be thrifty upon. In addition to that it is useless to rely (which is the main portion of the argument in one direction) upon the efforts of trade unions alone for remedies, seeing that they form only a small minority of the working classes. However, if it is taken for granted that the present system does produce these effects, and that the result is what it is said to be, and that there is enough wealth at the present moment to admit, even under present conditions, of applying certain palliatives, then, I think, it would be unnecessary to go much into it. I should like, at any rate, to point out that thrift and restriction on population are no palliatives whatever; and that, so far from thrift under present conditions being of value to the workers, the probability

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is that if carried any further than it is, it would be injurious to them, inasmuch as it would be in the main carried out at the expense of their vitality or the vitality of their children. Therefore there are no remedies which will meet this present condition of things unless it is looked at from a totally different point of view from that which the majority of people are willing to look at it to-day. Merely to put money into savings banks, or to accumulate it in any other way, is to accumulate orders on other men's labours and is no benefit to the class which so saves. Therefore, the only benefits which the wage-earning class can hope for must be from State, communal, or municipal intervention and legislation.

8407. Those are the remedies which you suggest?—Those are the remedies which I suggest, and which are part of the proposals that I have advocated for the last 12 years with some little success. I have put down one or two more points in addition here, which I venture to think might call for legislation and would be accepted, I believe, by the majority of workers as beneficial at the present time and even under present conditions.

8408. When you say those which you have advocated with success—success amongst whom do you mean?—With success amongst the workers, certainly.

8409. You do not mean that you have succeeded in having them adopted?—No, I have succeeded to the extent that I have in a very great many cases got them accepted in principle; the majority now accept them as being beneficial to themselves, which is the first step in the matter. For example, in the question of a maximum eight hours' day, which I drafted in the form of a Bill for my debate with Mr. Charles Bradlaugh on the subject (*copies of the Bill were handed in; see Appendix* CXLI.) I think it must be admitted that at the present time, in view of the enormously increasing power of production, and the greater speed of machinery, and the increased intensity of labour and of overtime put in even in Government works, a maximum eight hours' day, or 48 hours' per week, should be enacted for all wage-earners and all trades and professions by law. I should contend that eight hours' work in a day is sufficient and fully sufficient for any man to labour, and that it is so is admitted by all the best doctors and physiologists in the country. Under present conditions, especially in the case of women who have practically no trades unions, and who certainly are not a revolutionary body, the hours of work are injurious to them; it is directly injurious to them in every shape and way, and helps to enfeeble the coming generation owing to the weakness of mothers after those long periods of standing and toiling.

8410. Do you advocate an eight hours' day only on account of its physical advantages to working populations or for any other indirect reason?—I advocate it also because I think under present conditions, with the very best machinery, it is an advantage to the productive

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community that only eight hours should be worked if they could but see it. It is the opinion of a friend of mine who has had as much to do with the cotton industry as an employer as perhaps any man, that after the eighth hour, with the best machinery, it is impossible for the hands adequately to watch the spindles, and to take account of breakages. Of course, that applies to one particular industry, and there are others to which it does not apply so much, but, I think, that physically it would be an enormous benefit to the whole people. It would give them an opportunity of leisure to study the conditions under which they live, and to take advantage of the political circumstances which they have inherited, and, I believe, it would tend considerably to check the deterioration which is at present going on. I do not think that it would put a stop, as some have contended, to the unemployed difficulty, because the superior machinery which would necessarily follow upon the introduction of an eight hours' day, would, eventually, produce the same effect in that direction to a considerable extent that it does at present.

8411. What effect do you think it would have on wages?—I consider the probability is that it would raise wages rather than lower them. The trades which are best paid to-day are precisely those that work the shortest hours, and as was got out by one member of the Commission on inquiry of Mr. Giffen, it appeared that during the last 20 years, although undoubtedly the hours have been consistently reduced, especially in the higher skilled trades, such as the engineers and so forth, the amount of wages which has been paid has increased. It would further give greater scope to combination, and would produce an impression amongst workers that a higher standard of life was what they are reasonably entitled to. At first the result would inevitably be to raise wages in this country, inasmuch as it would absorb a large number of unemployed, and, therefore, reduce the amount of competition which for the moment would have a good effect.

8412. Would it necessarily absorb a large number of unemployed?—I think it would absorb nearly 100,000 *employés* on the railway alone.

8413. You spoke just now of the cotton industry?—Yes.

8414. Would it absorb any unemployed labour in the cotton industry?—I do not think that it would to any large extent. I think that there it would simply be a reduction of hours.

8415. Until it was compensated by improved machinery?—I think that the machinery is ready at this moment, and is kept back merely by considerations which it would take too long, perhaps, to enter upon here. I think there are several complicated reasons.

Sir. *E. Harland.*

8416. What kind of machinery do you refer to?—Cotton-spinning machinery. There are mills at the present moment that are being

Sir *E. Harland*—continued.

worked by the best possible machinery, and there are other mills, as everyone knows, worked with inferior machinery, but they will eventually be crushed out in the natural course of competition. At the present moment machinery is not being introduced so rapidly as it otherwise would be on account of the lower rate of wages paid. Machinery is introduced now not to save labour but to save wages. At any rate I would contend that in every department of trade eight hours a day should be enacted as the maximum. If some trades are working less nobody would wish to raise them up to that level.

Duke of *Devonshire.*

8417. And if the consequence was that in any branch of industry the hours of labour were forced up through competition, what would be the result?—That is a matter which has to be considered seriously. That argument was used in 1847 against the enactment of the Factory Acts; it was used to prove that the originator of all this factory legislation, Robert Owen, must inevitably be ruined, by reducing his factories to 10 working hours when everybody else was working 12. The country which will one day be our most formidable competitor, namely America, it seems to me, has better machinery than we have, yet I believe that at the present moment it would pay in this country to reduce the hours, especially in those competitive trades. But I would argue further than that, I would argue that no trade is worth retaining that can only be retained at the cost of the physical deterioration of those who work in it, and there are plenty of outlets for work at the present moment without carrying on an industry which can be proved to deteriorate the persons engaged upon it.

8418. Have you any other proposal to lay before the Commission?—I would argue that a minimum wage of not less than 30*s.* a week for adults should be established in all Government and municipal works and all monopolies authorised by the State or the municipality, with a view that this rule should, as soon as possible, be applied to all businesses.

8419. That would include railways, would it?—That would include railways.

8420. What effect do you say that would have in regard to private employment?—It will tend to establish a standard minimum, and I do not think that the community at large has any right whatever to trade upon the necessities of its members, and that those who are employing men or women for public purposes should on no account pay them under what would enable them to command at any rate a reasonable standard of life, for to do that is to constitute the community a slave-driver of the worst class.

Sir *John Gorst.*

8421. Have you got a corresponding scale for women, and girls, and boys?—I would stop boy and girl labour altogether for wages. I have said further on in my summary that I advocate the enforced payment of equal wages to men and women for equal work, or the same work; that is another proposal that I consider the legislature at once ought to adopt in order to do away partially with the very unfair conditions under which women frequently labour to-day.

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8422. But under existing conditions, how do you suggest that the State or municipality is to select the persons who are to receive 30*s.* a week?—They select them as it is; they do not select the lowest tender in every case. They do not select the man who is willing to do work at the lowest price, they select a capable man. In the London County Council Sir Thomas Farrer objected to raising wages very strongly, and gave evidence to that effect before this Commission. The London County Council is at the present moment carrying out the views which we have advocated for a very long time, namely that they should pay a high wage or as high wages as they can to their *employés* on this very ground—that they have no right as a public body to take advantage of the stress of the market competition. I should contend that 30*s.* a week is the lowest wage that should be paid under any circumstances, but I am not arguing that at the present moment, though I should be perfectly prepared to do so.

8423. You are advocating that it should be the lowest rate of wages to be paid by the Government or by a municipality?—Or any monopoly, gasworks, waterworks, railway, tramways, omnibus companies, or anything of that kind. That is the lowest rate under present conditions which, in my opinion, a family can reasonably subsist upon.

Mr. *Courtney.*

8424. What is your definition of a monopoly?—The definition of a monopoly is, in the case of railways, that they are practically a constructive monopoly on account of the extreme expense which is entailed upon, for instance, a second line from London to Manchester being constructed, which might very reasonably be constructed. You could not give a definition of monopoly which would practicaliy cover the whole field of industrial monopoly at the present moment. I could not at the present moment, but I think we know a monopoly when we see it.

8425. Including omnibus companies, what is your test there?—Here again perhaps I was wrong in including omnibuses, except in this way, that they come under the control of the municipality, and they have certain advantages in regard to public thoroughfares, in regard to taking up and setting down passengers, and in regard to tramways they constitute public conveniences, but they are a monopoly. The best evidence, I think, is that there are only two large companies in London, and that one of them has only been started within the last few years, and that there is a probability, at the

Mr. *Courtney*—continued.

present time, of their coming together. In Paris it is practically a monopoly.

8426. Before that started there was only one?—Before that started there was only one.

8427. I should have thought that that fact of the second starting was evidence in the opposite direction?—In that particular instance it is perfectly true, it is a public company, for public purposes, which comes practically under the control of the municipality, and I should equally wish it to be taken over by the municipality, and, in my judgment, one of the conditions of its existence should be that not less than 30*s*. a week should be paid to any one of its employees.

Duke of *Devonshire*.

8428. Do you suggest that the State or municipalities should extend their employment of labour?—I certainly do to a very large extent.

8429. I mean at once?—At once if one could get a Bill through the House of Commons quickly enough to do so.

8430. I referred particularly to suggestions made before the Commission as to municipal workshops for the unemployed?—I do not think there is such a thing as municipal socialism, or municipalism by itself, any more than there is a planetary sun. I think it is quite impossible to re-constitute the municipality of the Middle Ages, and put up a barrier in that way. I do not think that is possible. I should advocate that the State and municipalities should work together harmoniously, as they might reasonably do. The best evidence that it is impossible to put limits to a municipality has occurred in the trouble between London and Birmingham as to their water supply. Therefore I should not regard the municipalisation of the Docks, for example, which extend from Tilbury right up to Canning Town, as a possible arrangement. I think that all those municipal arrangements must necessarily come under the control of the supreme Government.

8431. I understand in future the State working is to control all industries?—Eventually.

8432. But in the meanwhile you do not advocate the establishment of municipal workshops in competition with private employment?—In certain directions I think it might be very advisable, but I think it ought to be thoroughly understood that these municipal workshops are not to enter into competition with other municipal workshops in other parts, because otherwise it would simply intensify the competition of to-day. I think those are matters that are only to be co-ordinated between the various municipalities by a central authority. I have not proposed in the draft here the establishment of municipal workshops at the present time, but the proposals that have been made in that direction have been invariably accompanied by the establishment of co-operative farms, because if you were to establish purely municipal workshops in these great cities, without any attempt to re-distribute the people over the

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land, you would simply intensify the concentration of population which is going on to-day. But if I might give briefly these other suggestions first, then I would deal with the further suggestions as to the railway matter which covers the whole ground later on.

8433. What other suggestions do you make?—The absolute prohibition of all child labour for wages up to the age of 14 at least. I think there is plenty of evidence before this Commission and plenty in the Blue Books—especially the famous report of 1875—to show that the effect on half-timers is exceedingly bad in regard to the physical effect upon the workers in the future. I advocate enforced payment of equal wages to men and women for equal work or the same work. I would also propose the provision of free meals and free clothes for all children in the board schools, and eventually free maintenance for all children up to the age of 14 at least. I proposed that many years ago but I regret to say it has been much more adopted in Paris than it has been in London. At the present time the arrangements in Paris are such that it is impossible for any needy child to go to school without getting food and decent clothing.

8434. Through what agency is that carried on in Paris?—Through the agency of the municipality and the *Société de Bienfaisance* in the different *arrondissements* of Paris. That is carried out now. If I may explain what takes place, a needy child, or a child whose parents are known to be needy, is brought up before the combined committee of the district. Every school is provided with a school kitchen, and all the children, or most of them, partake of food provided from that school kitchen, and the children who have not the means to get clothes, or whose parents are necessitous, are provided with clothes, and when they arrive at the school if they are unable to pay the penny it is not known to other children who are there, but they are provided with a ticket without payment at all. That is working in Paris, in every *arrondissement* and every school in Paris, at this present moment, because it was found, as it is found here, that compulsory education, which consists in educating or stuffing children's heads who have empty bellies, results in continual break-down and the filling of pauper lunatic asylums and other places with children suffering from nervous diseases. I propose that as a means to be adopted by the community for the stopping of the physical deterioration which is going on amongst the children of our great cities. It can only be brought about by legislation in Parliament, and the mere fact of its being discussed before this Commission will perhaps have some effect in drawing attention to the fact that it is already done in another great capital.

8435. From what fund are those free meals paid?—About half of it is from private munificence from the *Société de Bienfaisance*, and the other half is provided by the municipality of Paris itself from the funds at the disposal of

Duke of *Devonshire*—continued.

the *Conseil Municipal*, and the effect upon the children has been so good in every particular that those who were its strongest opponents on the Municipal Council of Paris—one of the largest builders in Paris, Monsieur Sorget, for example—is at the present time its most earnest supporter. I venture to contend that the same conditions call for similar or even more serious remedies to be applied here, in order to stop the physical degeneration which I think anybody can see is going on in the poorer quarters of our great cities.

8436. Perhaps that does not come directly within the scope of our inquiry as a labour question?—It indirectly affects the workers very seriously for this reason, that when they are thrown out of work, through the uncertainty of employment as at the present time, and the workers of London change their habitations once in every two and a half years or oftener, one of the most serious considerations, and one which weighs most heavily on their minds, as they constantly tell me, is the fact that their children should be left without any means of getting food. They have to go to school in perhaps a ragged and empty condition, and that really to a large extent cripples practically their usefulness as producers. I say in the present state of the community that it does affect the labour question most seriously, and if it were remedied it would take a great weight off the minds of many men in this great city I know. As to it being a labour question, I do not know that some of the matters that have been brought before the Commission on the other side have not a little bit strayed out of the strict line laid down.

8437. Have you any other suggestion to make?—I would suggest that the schools, as far as possible where it can be done, should be established in the country. I say that the schools in the cities are injurious to the children, as is shown by the action of the well-to-do middle class, who send their children to be educated in the country whenever they can afford it. Also there might be schools built in the same way, such as my friend Mr. Jonathan Taylor, of Sheffield, established some years ago in connexion with agriculture, which would prepare the children for intelligent service to the community, and in which they could acquire a knowledge of agriculture, that at the present time is highly desirable in this country. They could acquire a knowledge of other trades and other technical knowledge might be imparted. I would further suggest that the public institutions should be as far as possible placed in connexion with co-operative farms, and that would likewise bring in the question of organising unemployed labour. This is to a certain extent already carried out; for example, in connection with the St. Pancras workhouse they have a farm which answers exceedingly well. I have seen similar arrangements carried out in other industrial centres, but at the present moment and as things exist it would be exceedingly difficult to carry out this distribution of the people upon the land. At this moment the tendency is all towards the great cities, to increase this constant competition and to increase the numbers of the residuum, and no steps whatever are being taken by the community to turn the tide in the opposite direction if it is at all possible to do so. I may say, with reference to 30*s.* a week, that I took the trouble to get from the wife in a worker's family, which is, I suppose, about as thrifty and as careful as any can be, the exact necessary amount of expenditure of a worker's family in London where the husband is in receipt of good wages.

8438. You got it from whom?—I got it from the wife—I got the absolute necessary expenditure last week (I do not think anything can be knocked off this) as showing the irreducible minimum of a worker's expenditure who is himself a skilled workman earning a fair wage. I have tabulated similar things over and over again, but at any rate, in regard to this particular family, I do not think there is anything that could be possibly be knocked off this bill as showing the irreducible minimum of what the wage should be. I merely put it in.

Sir *John Gorst.*

8439. Would not the necessary expenditure of a workman's family vary very much indeed in different parts of the country?—Very much indeed.

8440. A workman's family possessing a garden in the country would have a very much smaller expenditure than would a London workman?—Yes, very much less indeed. In agricultural districts, where agricultural allotments are to be got, that is so, except that where there is work to be done in the garden, there is danger of the man overworking himself on it. In London, owing to high rents, every trades union necessarily exacts a higher rate than in any other part of the county. It does depend very much indeed upon the place in which people are living, especially in regard to rent, because the rise of rents in London and certain other great cities has almost entirely absorbed the increase in the wages which has taken place.

Sir *E. Harland.*

8441. Would you read those items out?—I give the rent first. The rent is 5*s.* 3*d.*

Mr. *Jesse Collings.*

8442. What is the family?—A man, his wife, and two children. A child is unfortunately incapable, and has to be kept out, but it would come to about the same thing.

Sir *Michael Hicks-Beach.*

8443. Town or country?—Town.

8444. London?—Yes. I may say that that amount is less than it might be put down, inasmuch as they have a house which they take the whole of and rent off a portion, the consequence of which is that their rent is 5*s.* 3*d.*, otherwise they would have to pay more than that, 7*s.* 6*d.* I put in that to show that I am

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not at all exaggerating the case. I have given the rent. Then, firing is 2*s.* 9½*d.*; light, 8½*d.*; soap, soda, &c., 10*d.*; bread, 1*s.* 8*d.*

Mr. *Jesse Collings.*

8445. For the week?—Yes, for the week. There is one child away. Oatmeal, 4*d.*; grocery, 2*s.* 6*d.*; butter, cheese, &c., 2*s.*; flour, 4*d.*; meat, 3*s.*; clubs, trades union, sick, and death, 3*s.* 3*d.*; vegetables and fruit, 2*s.* 6*d.*; and there is a child out for whom 5*s.* a week is paid. It would be observed that in this there are no fares for going to and from work, and no clothes, no boots, and no repairs.

Sir *E. Harland.*

8446. What is the total?—About 24*s.* I only mention this to show that I do not think anybody would knock off anything from that. It is a thrifty family as will be seen by the 3*s.* 3*d.* paid to clubs, and so forth, and I say it is reasonable to take that as against Sir Thomas Farrer's view that 24*s.* is a sufficient wage, or a wage that ought to be regarded as reasonable in London. I would now venture to contend that the department which of all others the State should absorb as quickly as possible is the railways. They are now the great highways of this country, and have been turned over as a vast monopoly by a House of Commons in which the working class was wholly unrepresented, to be worked for the profit of shareholders and directors, and they are now being used against the interest of the community, and to cripple agriculture and other industries, and they thus help to drive people into the great towns to increase the number of the unemployed and to impose a dead-weight on the energies of the country. They are also very inefficiently managed indeed, and are not likely to be better administered it seems to me under present control. Thus putting the whole community at a permanent disadvantage in existing conditions of competition, and if I may be permitted to do so, I would just like to point out how they compare with the American railroads that are worked upon a different principle, and to show how the State could easily take them over and compensate itself.*

Professor *Marshall.*

8447. What is the different principle?—The different principle is that they carry about one-fifth of the dead-weight carried by our railways to the paying load.

Mr. *Courtney.*

8448. I thought your whole point was the re-organisation and control of the railways?—I want to get the control of them.

8449. Then what is the use of adducing evidence as to railways which are administered in the same way?—Simply this, that in the present conditions I contend that it would be much better to take over the railways and to reduce the rates for transport, and even if through that an additional cost was put upon

* A "Note on the Comparative Cost of Transport of Freight on "American and English Railroads," illustrated by Diagrams, was received from the Witness shortly after he gave evidence. See Appendix CXLII.—G.D.

Mr. *Courtney*—continued.

the community, or upon some portion of the community. I say that at the present time if the rates were reduced it would be beneficial, and I adduce this further evidence to show that even under the existing competitive system at the present moment, it would be perfectly possible, by the alteration of present conditions of transit on the railways, to do away with the drawbacks that exist, and I am anxious that the State in absorbing these railways should get the advantage of improvements, and not the shareholders and directors who at present hold them. In this case, at any rate, the improved management should enure to the benefit of the community, and not to that of the shareholders who at present, at any rate, do not seem inclined to adopt them. That is my reason and that is the line of argument that I adopt. For instance, at the present moment if you take the New York Central Railway and the London and North-Western Railway, the transport on the New York Central is about a third of what it is on the London and North-Western, and the road bed is equally good. As to the cost for transport per ton, they pay from 50 to 100 per cent. more wages at the present time than we do. The average earnings per ton on the New York Central is about $\frac{7}{10}$ths of ½*d.* gross per ton per mile. Even in the Government railways on the Continent the charges are from 30 to 40 per cent. less than ours. The result under the present system is such that if the railways came to be worked under State or communal control, and for the advantage of the community, it would pay to acquire them; and to introduce the Hungarian belt system or some other system of transit which would vastly decrease the cost of passing commodities to and fro.

Duke of *Devonshire.*

8450. To what do you attribute the high cost of transport here?—To the fact that at the present time the tare on trucks necessary to carry 30 tons on the English railways amounts to 42 tons, whereas the tare necessary to carry 30 tons on American railways to-day is only 8 tons. If you carry so much between Birmingham and London you have to haul all that 42 tons to Birmingham, and 42 tons all the way back to London to take 30 tons there and back; whereas if you haul them on the American system you haul 8 tons there and back, and you equally have the 60 tons transferred.

Mr. *Jesse Collings.*

8451. Is not the rolling-stock much more frequently renewed in America than here?—Practically it is not renewed as often as once in ten years, and the cost of repairs is about 5*s.* 3*d.* a year at the outside.

Duke of *Devonshire.*

8452. Is your contention that the railways might to their own advantage adopt different methods?—Certainly that would be my contention, but I should be glad to see that the community should acquire the railroads, and

Duke of *Devonshire*—continued.

thus lessen the expenditure themselves by introducing these improved methods.

8453. You feel quite certain that the community could manage the railways better than the railway companies themselves can, do you?—I feel satisfied of it myself, and I think there is evidence of it in more than one direction. I think the railways at the present moment are managed about as badly for the interests of the community as they possibly can be. I do not think the State could possibly do worse, if I might say so.

8454. But for the interests of themselves?—For the interests of themselves. I question whether the matter has ever received the necessary consideration. I think the companies are unable to see the forest for the trees. I think they are losing their grip of the situation, and that it would pay them to introduce these improved methods at the present moment. For example, a friend of mine brought 100 casks of lager beer from St. Louis to London, 1,200 miles by rail, and 3,000 miles by water, for 3*s.* 4*d.* a cask, and a neighbour had to pay 2*s.* for a sack of potatoes coming 59¼ miles. The other day some other friends of mine imported some alfalfa grass, and they paid 15*s.* a ton from Buenos Ayres to Liverpool, and the London and North-Western wanted to charge 32*s.* from Liverpool to London. It is not the case that the railways do not pay which conduct their business in this way, in fact, the railway that I have mentioned has paid 6¼ per cent. on its capital for the last 21 years.

8455. Is it an English railway?—An American railway.

Sir *John Gorst.*

8456. Did your alfalfa grass come from Buenos Ayres, or from somewhere up the country?—It was exported from Buenos Ayres; of course it came from further up the country.

8457. Does the price include the carriage by land?—I do not think so.

Sir *E. Harland.*

8458. Merely the sea freight?—Merely the sea freight. The sea freight means this: that at the present moment, owing to cheap freights, Australia and Canada are within the 30 miles radius of London. I only contend that the present time is the time to consider the acquisition of the railroads for this reason—that it is a department which could be, I venture to say, worked under conditions advantageous to the country better than any other department. The object of those who consider that the collective control of industries should be looked to in the future should be to change these private monopolies into public services. This is the tendency of to-day, and I think it will be beneficial to the community.

Duke of *Devonshire.*

8459. And would you advocate that, after the State had acquired the railways, the cost of transport should be reduced, even if it involved a loss in the actual operation?—Yes, I would, on the same ground that the turnpikes were abolished on the public roads. The interest of the community is that the transport and the communication from one part of this island to the other should be as cheap and as convenient as possible. In point of fact, I say that fares at present levied and the difficulties put in the way of freight are exceedingly injurious to the community. The decrease in freight charges, I may say, under the system that I am advocating has been in the last 30 years in America from 100*l.* to 19*l.*, whereas they charge here the same 100*l.* as they did 30 years ago.*

8460. Have you considered the terms on which they might be acquired?—When it was argued at the Statistical Society, about 20 years ago (I was a Fellow of the Society), it was put at between 900 and 1,000 millions; I believe now it might be put, probably, at 1,100 millions; but, taking into consideration that that does not represent the acquisition of something new, but something that is a going concern, whose returns will be increased under improved and more efficient management, and that the risk of that capital under present conditions of its transfer would be nothing, because it would be done by means of Government bonds; it would be beneficial to the community. Of course, I need scarcely say, from the point of view I take, I should be happy to see it eventually come about that the greater part of the other industries, shipping and so forth, should be taken over, but the railways, which, no doubt, are the most important distributive agencies, form a department which is absolutely ripe, as it seems to me, to be converted into a public service; and I would argue that 1,100 millions could not be better applied than by acquiring them. It would really only be a transfer of the ownership from the shareholders and directors, who have nothing to do with the management of the railway—they are managed by managers—to the public. I would say that they are to be turned over to the State, and managed in the interest of the entire community.

8461. In your estimate of the cost, do you propose to pay the shareholders the present value of their property, or on what principle is it to be done?—I think that is matter which would be a question of valuation. It has turned out that what was looked upon at the time as an extreme valuation of the London water companies would have been after all beneficial to the Municipality of London if they had acquired them at Mr. Eustace Smith's valuation some years ago; but it would be a question of their value, and it seems to me in regard to the railways precisely the same as in the case of the water companies. It is quite within the power of the House of Commons to say to any railway company, if you are not content with that which is sufficient for your property, we will give powers to another body to build another line. I think that would keep them within reasonable limits if it is possible to keep a

* See foot-note to question 8446.

Duke of *Devonshire*—continued.

company within reasonable limits at all. I have not made a very accurate calculation of the thing. Some of the stocks, for instance, are not paying at all, and some only pay 2½ per cent. Of course, they have a fancy value in the market at this time, with regard to what future events may bring forth, but I should contend that in present conditions it would be a benefit to the whole community if the railways were acquired even at a price which might seem somewhat excessive for their value, inasmuch as all the improvements in transport that then would be introduced or might get introduced would be available for the advantage of the community, and pressure could possibly be better brought to bear upon the public department, such as the Post Office, than upon railway directors; and this would be so great a benefit to the country, that it would be worth to pay even a little more than their absolute value if taken by proper valuation.

8462. Do you propose to acquire the canals also?—Yes, certainly I would.

8463. Have you anything else you wish to add?—No, beyond that I wish to affirm what I stated in the first instance, that I do not think the suggestions are any more than palliatives of what I submit to be a very dangerous condition of affairs, and as leading the community at large to regard the re-organisation as preferable to the competitive system which is going on and the attempt to continue the system of production for profit for ever. I venture to think in every direction where communal or municipal or State effort has been avowedly directed to improve the conditions of the people that has been beneficial, and I say that legislation ought to be carried further in that direction. That is what I should desire to say.

Sir *E. Harland.*

8464. Although you have not given it to us directly in your evidence, is your feeling really in the direction that you think that what are called the working classes really ought to change places with the non-working classes, as they are sometimes termed?—I think that all ought to belong to the working classes. I do not think there should be any change of place, but that all should perform their fair share of public duty and public work.

8465. That is to say, you have not a feeling that there is some curse attaching to manual labour?—On the contrary, I think it is very wholesome.

8466. Then to that extent you differ from some of the witnesses whom we have had before us, who advocated something in the direction I have indicated?—Perhaps I did not quite understand the question.

8467. It was this: Do you feel that at the present time there is by either force of circumstances or accident an unfair hardness of existence brought to bear upon the working classes, as compared with those who have been either born with means, or who have acquired means by good fortune, or it might be by extra exertion on their part?—I have a strong feeling; I think they are very hardly used, but I think it is due to historical and economic causes which have grown up, and for which I do not think that any individual or any special class is responsible.

Sir *E. Harland*—continued.

8468. Then you do not seek directly, as it were by some superhuman effort, to completely subvert the existing balance of society?—I could not make a revolution if I wished to. The present conditions arise from economic causes over which, of course, I have no control whatever. If the present system goes on as it is going on to-day, I think within a calculable period a revolt will take place—I think that is exceedingly probable.

8469. Then would you grant that a working man is able by special attention to his work to enjoy existence to a very considerable extent?—I should not care for the existence, and I do not think I should appreciate the enjoyment; taking it as a whole, I do think that the condition of the working man on the average at present in this country is not an enviable one. I think it is anything but enviable.

8470. May I ask if you ever have worked as an operative?—No, I never have, but I think that gives me an opportunity of appreciating the nuisances of his position.

8471. Can you believe it possible that a man in another sphere of life, whose mind was principally the instrument by which he lived and with which he had to toil, might envy a working man in the enjoyment of that physical energy which he had to expend in order to obtain his living?—If a man is not able to work, and is engaged in work which employs his intelligence mainly—the work I mean of an artisan engaged upon artistic work—I should consider that man had an exceedingly enjoyable existence; that is, if he was able to work. The artificers of the Middle Ages I look upon as a most happy class in many cases, but at the present time the conditions of work of the working man, in the first place, are very little artistic, and the workman is very little artistic in his work and the means of carrying it on. He is mostly confined to the crowded districts of the towns, or at any rate, is a factory operative, and the consequence is that he has little outlet for his individual intelligence, he has very often to work much longer than is good for him, and his wages, in my judgment, are quite insufficient.

8472. But assuming that he has good health and pretty regular occupation, and a little left of his wages over and above that which is required to be expended, you think his condition is one which might be looked upon as, at all events, agreeable, if not in all respects almost an enviable one?—I think if a man is working at what suits his case, and is not overworked at it, there is nothing in work that is degrading at all in any shape or way. It is the over-work and under-pay and the incapacity to use his own intelligence—that is the curse of the worker, not the work itself.

8473. You complain about ill-health in London?—And in Manchester and Liverpool and other large towns too.

Sir *E. Harland*—continued.

8474. Why do you put such stress upon that in view of its not being necessary that the working man should work in either London, Manchester, or Liverpool. Does not he work in those cities with the object of earning a little more money?—No doubt, and also for other reasons. For instance, there is the competition of foreign wheat centres, and the introduction of machinery, which is slowly coming into use in this country, which is driving the agricultural labourers, owing to a long series of agricultural depressions, from the country into the towns. I do not think it is solely that the workman wants better wages, but largely that he has no means of living by stopping where he is.

8475. In other words, the present serious depression has rather produced an artificial state of matters at present?—To a certain extent. Similar phenomena were to be observed in 1833.

8476. You have referred to the number of depressions as being nine in the century, I think?—Yes.

8477. But are you aware that history almost seems to point to something like depression through the country about every tenth year?—I do not think that that was so prior to the inauguration of the capitalist system. I do not read it so. In point of fact, I do not think there is any evidence of it. These depressions, such as we have suffered from since 1825, are the necessary outcome of the capitalist system of production and the great machine industry.

8478. Do you see any possibility of preventing periodical over-production in any class of manufacture?—Not so long as the competitive system of working for profit rules the general market, but in America, as you are perhaps aware, they are met by the constitution of monopolies in the form of trusts. It would be quite impossible to over-produce oil there, because of the Standard Oil Well Company, and it would be quite impossible to over-produce refined sugar or a variety of other things, because competition has negated itself.

8479. Then when you refer to this huge oil monopoly, when it determines that it will raise no more oil lest the supply should be too great for the demand, has not that the effect of throwing out of employment a large number of men?—Yes; and it is not only in an old established and thickly populated country like England that this depression happens, but also in our own Colonies, and in the Argentine Republic of South America.

8480. How can you remedy that difficulty?—But in one way, by the control by the State and the community of the production and the distribution of wealth.

8481. Then supposing that our Parliament had full control of all the manufacturing interests in the kingdom, which you advocate——?—Yes, I do.

8482. Would you commence, then, by their taking over all the railways?—I would.

8483. Then supposing they took over all the gasworks and ironworks and everything in the manufacturing line, have you ever calculated what the enormous staff of marvellously clever and capable men would be necessary to be placed somewhere at the head of this gigantic workshop to direct it?—Not more clever or more capable than they are to-day—not so clever and capable perhaps.

8484. Who would have the appointment of these men?—If you ask me what is going to be done in the future, that is a very different thing, but I say that it is quite within the power of the wage-earners or workers, as they then would be, to appoint their managers, and they would do it quite as well as the capitalists appoint them to-day.

8485. Then would the wage-earners under that system not be inclined to appoint men to posts of management who would promise that they would get them better wages?—I do not see that a body of men who go forth to play cricket or to boat, or that a body of working men in their trades unions elect a bad man because he says he can do impossible things. On the contrary, I find that they are very particular as to whom they select for a responsible position.

8486. But supposing the governor of an ironworks died or was displaced, and that his successor were to be appointed by the operatives?—By the people who would all be interested.

8487. By the operatives in an ironworks, who would be the people interested?—The workers would be admitted to be able to form the best judgment in the matter.

8488. But would you have the whole country called together to vote upon the death of any one man?—I think that is a matter which, if the working were carried on in a harmonious community could be well left to be settled by the individuals who had the control. Nobody could have foreseen under feudalism the way in which capitalism could be arranged—nobody could have done it. Aristotle himself could not have foreseen the erection of feudalism, and you could not foresee things in another state of society any better than he did.

8489. My reason for asking is that you are proposing a new state of society?—No, I beg your pardon, I am proposing to take certain steps in that direction.

8490. Then it is pursuing that which, I presume, you consider would be a good thing?—I do.

8491. And in doing so would not it necessarily come to that in the end?—I think in some form or other. For example, if the railways were owned by the country, and if everybody had a vote it would come to that. For example, the person that they chose to superintend the works under the direction of the community would be, directly or indirectly, chosen by the community to manage them, and it is so to-day with the shareholders. The shareholders vote the board, and the board appoint the manager.

8492. Do you think by your system that a man would be able to bring out all his qualities of management as well as under the present system?—Certainly. Take a man like the late Sir James Alport, who would be none the less capable under the State.

Sir *E. Harland*—continued.

8493. Do you think that such a man would ever have been heard of if he had been originally one selected by the Government for such a post?—I do think so. I think at the present moment the system hampers individuality, and hampers the development of the individual in every particular. I think that there are plenty of capable men at the present moment who only lack the opportunity to come to the front. I think that competition is keeping them down, whereas under a community where there existed a full outlet for their capacity they would develop that capacity much earlier in life.

8494. You have stated in the first part of your evidence that workmen never had an opportunity of rising beyond their class?—Much more seldom.

8495. I think I noted the word "never"?—Then I made a mistake. I did not mean "never," because if you take Sir George Elliot, for example, there is an exception. Colonel North was a working man. I do not say there is no evidence of men rising. I say it is much rarer than it used to be, because of the larger capital necessary to start great works, say an ironworks or factory or great industry—much greater than it used to be.

8496. In the event of such works being put under State control, judging by the experience of the last few years, is not it probable that there would be some standards of education started by which the number of applicants would be limited? In other words, do you think it would be as possible for working men to gradually work themselves up to occupy these high positions over others as superintendents in these enormous enterprises as it is at present?—But, if everybody is working in his own way for the benefit of the community, I do not anticipate that anything beyond an increase of responsibility and honour would attend the rise. In a socialist community, if you are discussing a socialist community, so long as a man gets all he wants, I do not see what more he can want. Therefore, the mere position of responsibility at the head of a railroad, say, is not an important matter, not under a condition of things such as you are supposing exists.

8497. Then you, at any rate, consider that all these various enterprises would be better conducted if they were all taken over by the State and managed by the State?—That is my opinion as to the future development of it. I think that is so. I think nothing can be much worse than the present system, so far as the interest of the community goes.

8498. You referred to the great contest, as it were, which was constantly being waged between employers and employed now, but are you aware that there is practically a similar contest constantly being waged between one employer and another, between one capitalist and another, in the great commercial and financial world?—I think I noted that as one of the points of antagonism to which I drew attention—that there constantly is antagonism going on between the capitalists themselves, between the employers themselves, who likewise are forced to compete for profit.

8499. And is not it inseparable from the fact of our being free agents that there is open competition between employer and employed directly or between employers themselves, that they are free and desirous of doing their very best, and how can you destroy that excepting by dropping into a state of indifference which might result if nothing but Government officials had the control of all these various enterprises?—You are applying to a co-operative State the ideas that are based upon a competitive State; you are speaking of the State as if it remained what it is to-day and still was made a democratic social State. I should contend, under a democratic social State, that the object of everyone would be to improve the conditions of his neighbour for his own sake. The selfishness then would be collective. The workman of to-day cannot, as an individual, make any head against the capitalist, but in our present system he often sinks his individual selfishness in a wider selfishness. All I wish to do is to extend that wider still, and to make that a selfishness by which the whole community will be benefited, and I wish that all should get the full outlet for their individual faculties.

8500. Now referring to the difficulty about operatives being able to rise, are you aware of the numbers of heads of large concerns in this kingdom and in America who have been operatives at some time in their own works in many cases?—There are many, but I believe not nearly so many as in former times, as I think you can easily see. It was formerly possible, for instance, for the old journeyman, to the extent of perhaps one out of three, to become a master craftsman, but I think to-day that is an absolute impossibility, owing to the very much greater size of the operations. For instance, there is a capital, as there often is, necessary of 250,000*l.* for iron-furnaces and rolling-mills, whereas 40 or 50 years ago 40,000*l.* or 50,000*l.* was the sum which was necessary.

8501. Are there not a great many managers who are in receipt of very handsome pay in proportion to the increased number of men employed there?—I do not think the wages now in any department amount to what I should consider very handsome pay. To-day a number of foremen may receive a considerable sum, but having regard to the working classes working in factories, for instance, and foundries, I should not consider that any of their pay was handsome pay.

8502. What pay would you consider was handsome?—Say a salary of about 3*l.* a week.

8503. But, take a working man, what do you suppose would be a handsome pay for him in an ironworks?—I know a foreman in one ironworks who gets 4*l.* a week, but then he happens to be a specially skilled man, and also, if I am not mistaken, he has to pay some boy out of that.

8504. Are you aware that some receive more than 4*l.* a week?—I daresay.

Sir *E. Harland*—continued.

8505. You spoke about the workmen having a great difficulty in benefiting by their inventions within the last 40 years; are you aware that the cost of taking out patents has been reduced to almost a nominal sum at the present time?—I am.

8506. And also that operatives themselves are best able to produce the first mechanical illustrations of their patents?—But very few, as a matter of fact, are able to do so. Taking inventions as a whole, at least so I am informed, I should say as to the number of inventions made by expert factory operatives in any factory department during the last 20 or 30 years, it would surprise me greatly if you showed me there were any great improvements made by English factory hands. I do not know of any. I am aware that at Tangye's there have been a certain number of improvements which have been purchased by them from their hands in Birmingham, but I do not know that any of the men who have invented them have become rich, though the Tangyes have.

8507. Would you be surprised to find that out of a thousand patents not more than half-a-dozen would pay the stamp duty?—I regret to say that I am unfortunately aware of that.

8508. So that patents are not very profitable?—No, I do not say so. Of course there is a certain amount of experiment to be made in connection with patents; for instance in relation to electricity and so forth, and some which are used to-day were practically discovered in the laboratory 30 or 40 years ago.

8509. Then you are willing to admit that in the patenting of inventions the operative is as free, if not freer, than he was 40 years ago to secure his patent?—To patent his invention certainly, but not in carrying out—it is more difficult.

8510. You refer to the rent as requiring a third or a fifth of the wage of the working man?—In London.

8511. I think that those returns of yours lessen that proportion?—Yes, because I explained that this was a family which occupied the whole house, and they let a portion of it.

8512. I presume that you would admit in that return something like 2*s.* 6*d.* or 3*s.* in the country would be a fair rent for the same house?—Certainly; 2*s.* I should say.

8513. Then that reduces his rent to something like one-tenth, which makes a considerable difference, does not it?—I argued that. I argued that the wages in a town did not represent anything like what the same wages did in the country, for that very reason.

8514. Now you spoke very much indeed in favour of the eight hours' day. That is a question which we have had so much evidence upon that I will only put a question on that. Do you stipulate that active young men from 20 to 30 or 40 years of age should not have permission to work more than that if they liked?—Yes, certainly, I would not let them work more.

8515. That is on account of your objection to their being thrifty; you think a workman may be too thrifty?—Anything that he takes in thrift now he takes out of his vitality. It is so in the case I mentioned.

8516. But you can scarcely imagine a man attempting to put by money before he really finds that his family had sufficient of the necessaries of life, can you?—I know cases where it is done habitually, where men habitually stint themselves in order that they might not pass their later years in the workhouse.

8517. We have had some evidence from Mr. Giffen as to the enormous sum expended in drink, would not the sums so spent be a very material amount to the working men to put by?—In many cases, no doubt, but alcoholism I regard as a disease. It is so in our great cities, and you will find that such a thing as alcoholism was almost unknown in the great towns of the North of France, such as Lyons and St. Etienne a generation or two ago. It is quite a common thing now, and so it is in Italy. In my boyhood it was absolutely unknown for a man to get drunk in Italy.

8518. So that upon that principle you would say that there should be no alcoholism in the Highlands of Scotland or in Ireland?—No, I do not say that. Whiskey is drunk under conditions where it is not so damaging as it is in the cities in that case. I do not say that a Highlander would not get drunk, or an Irishman either, but drunkenness does assume in cities the form of a disease, which is not the case with either Irishmen or Scotchmen in the country.

8519. Now there would be one peculiarity if you were to reduce the number of hours in a factory. Have you thought that by lessening the number of hours of labour you would lessen the number of hours of the steam-engine and all the machinery attached, and render them dead for all purposes?—That is true.

8520. Do you consider that in a country with such millions and millions of money as we have immediately invested in steam-engines and mechanical appliances it would not tell very seriously against it in competition with foreign markets, if that came about?—To begin with, it would be perfectly easy to work that machinery with shifts, if you wished to do so; it would, of course, bring about the glut more rapidly than otherwise would be the case. There is nothing to prevent the capitalist class doing that, if they choose to do it. The glut of commodities would follow more rapidly, and, therefore, the solution of the whole question. I do not think that any interest of that kind should be allowed to stand in the way of a great reform which would improve the condition of the people physically. If we cannot work under those conditions, then let us turn to something else.

8521. But do you say there are working men now who work, perhaps, 54 hours a week, are physically inferior to what they were 50 years ago?—That depends entirely upon the intensity of the labour which they are engaged upon, and the rapidity of the machinery, and the conditions of the factory in which they work.

Sir *E. Harland*—continued.

8522. Take them as they stand; would you imagine that there was very much discomfort or weakness in their physique if, after their day's work, they all turned out to play football in the fields and enjoy themselves for an hour or two—does that look like being overworked and tired?—I have known Stockport and Manchester for 34 years, and I do not, as a rule, see men who, after being employed in spinning and weaving, are capable of carrying on first-rate football matches.

8523. Put out spinning and weaving, which I am quite willing to admit with you is more or less injurious, and take almost any other industry; do you notice that there is a want of physical enjoyment, as I may call it, in the evening after their day's work is over?—I say so as to certain works. For instance, in an ironworks where they are being worked 54 hours a week, and not more, certain portions of the men who are employed there have, no doubt, a favourable existence. As to turners, fitters, and engineers, I do not know that their work is excessive, but I think that is due to the fact that they have reduced the hours of labour, and I think the Secretary of the Commission took part in a very large strike on the Tyne which resulted in reducing the hours to nine.

8524. But, having reduced the number to the present nine hours—that is 54 per week—does it necessarily follow that you may go on reducing and reducing simply for the sake of reducing; would it not end in your having gone too far in that direction?—I think the figures that Mr. Giffen has given here show clearly that there is quite sufficient margin left in the wealth of the community to allow of the reduction.

8525. A young man at that period of life of which we spoke might wish to go on working longer hours in order to put by something for a rainy day?—He would reduce the standard of wages because, of course, if a man goes in for work like that and competes with his fellows, he, at all events, reduces the amount of wages the others can get. If you employ a young man of 20 to work overtime he will reduce the standard of wages for those not working. That is the answer I will give to that.

Mr. *Tait.*

8526. Does the 30*s.*, of which you have spoken, allow for sickness and lost time?—How do you mean?

8527. Would there be a surplus; do you make provision for sickness?—No, I do not consider it high enough, but I put that as the least that he could be expected to do with.

8528. I think, in fact, I know, that you have advocated for a number of years a universal eight hours' day?—I have. I have got a Bill here on that subject (*see Appendix* CXLI).

8529. Do you not make any distinction as to season trades?—No, I do not think I would, because I think, and you often find to-day it is so, that many of those who are engaged in season trades, have a second trade; here, in London, certainly they have.

Mr. *Tait*—continued.

8530. Take the case of a painter, what do you say?—I know it. It is a difficulty, I admit at once it is, but I think if you were to poll the painters they would accept it, and say that there were other compensations which they would get. I know many painters.

8531. Then take the tailoring trade?—Why should not it be more extended than the season. At the present moment a man goes in and orders a suit of clothes and wants them by to-morrow, perhaps. That is mere habit; there is no absolute pressing necessity for it. If it once became understood that they could not have overtime, men would very soon adapt themselves to those conditions.

8532. Do you think that unless any Bill which you suggested was to do away with overtime altogether, that an Eight Hours Bill would do a little good to workmen?—I do not think it would do much good, because I think they would work overtime.

8533. Therefore, you would make it an essential condition of the Bill that there should be total abolition of overtime?—Yes.

8534. How long ago is it since you publicly advocated an Eight Hours Bill?—Between 12 and 13 years ago.

8535. What strides has it made?—I think we are going to carry the country.

8536. What proportion of the working men to-day do you think you have with you on the question of a universal eight hours day?—I presume you are going up on 48 hours per week?—Yes.

8537. Not an eight hours' day?—It is very difficult to gauge, but I should say, at the present time, that if you include the whole people we have, 30 per cent., or perhaps 35 per cent., and that we are gaining ground every day.

8538. And you would not allow one trade to say that through foreign competition or otherwise we will not adopt it?—I would like them to argue that fully out. I would throw the onus of it upon them. I would formulate the Bill and press the Bill to an issue, and it would have to be very strong arguments that, speaking for myself personally, would induce me to allow that clause to be put in.

8539. Therefore you do not agree with the resolutions of the last two Trades Union Congresses?—I do not believe in trade option.

8540. You go in for the whole Bill, or none at all?—I do not say none at all—I would take what I could get.

8541. In answer to the Chairman I think you stated that you were prepared to advocate the purchase of the railways of this country, and you mentioned something about 1,100 millions being the price which, as I took it—and if I am not right you will correct me—you were prepared to pay?—I would not willingly pay anything like it. If I could get them for nothing I would take them for nothing, but I am considering the conditions at the present time, how we may most easily get them and use them; that is what I am thinking of, and I

Mr. *Tait*—continued.

suggest that, calculating the valuation in the ordinary way that people do value, 1,100 millions would be about the valuation. That was what the Chairman asked me. He asked, what have I figured to myself that it would cost assuming that, on capitalist lines, of course, it were determined to purchase them.

8542. Have you seen the figures of the Board of Trade which are issued annually which show the value of the railways in the country?—Which ones do you mean—the value in what respect?

8543. The annual financial return of railways for the year?—I have the annual financial return and the haulage returns, and so forth.

8544. Are you aware that there is to-day above 900 millions of money invested in railways?—Including the legal costs and so forth.

8545. Everything included. How would you purpose raising this money supposing you were going to buy the railways?—I should bring in the printing press, and offer an exchange of State bonds, in exchange for whatever might be agreed to be the valuation of the particular stock. The late Mauritius loan was averaged at about 105, and you would gain some advantage immediately by this Government guarantee. I am merely talking of this now from the capitalist point of view, of course.

8546. Have you ever made any inquiry as to the amount of money that the railway companies have had to pay to the ground landlords for the purpose of getting through their property, and for the purchase of property for that purpose?—I have. I think it is something like 100 millions sterling, counting the legal charges in, though I have not them with me at the present moment.

8547. Now, in answer to Sir Edward Harland, you said you thought that if the industries of the country were under the State that that would not abolish, but would minimise the periodical depression?—I think it would do away with it entirely.

8548. Will you explain how?—Simply for this reason, that you would then be producing entirely for use and not for profit. Everybody's wants would be gauged; you turn the problem round the other way. The consideration would be what would be necessary to give the highest standard of life to each member of the community, taking into account foreign exchange, and therefore the problem would be entirely altered; you would know beforehand what it was you wanted produced, and you would produce a surplus in a case of emergency, and there would be no question of profit entering into the matter at all, nor wage-earning eventually.

Mr. *Jesse Collings.*

8549. I wish to understand this; you are going on the presumption that the 1,400 millions of money which is the present income of the State is going to be a fixed quantity, and that there is no danger of knocking it down to 700 millions from your altering the system?—I am not presuming as to the money value at all.

Mr. *Jesse Collings*—continued.

8550. At present Mr. Giffen says the income of the country is about 1,400 millions?—1,500 millions nearly he thinks it is, so he said.

8551. You are presuming that that is a certain income as if it were coming from abroad, and not contingent on the continuation of the successful enterprise from year to year which furnishes that income, and which might possibly be interfered with by any re-arrangement of the system which might leave us with a less income or nothing at all?—No, I do not think that that affects the question that Mr. Tait is putting to me.

8552. I thought you were going on the assumption that the annual income of the 1,400 millions which is dependent upon yearly enterprise, and is not a fixed sum that comes from the clouds or from foreign parts, could be treated as sure. One wants to know where the loss could be made good in case there was a loss?—I assume that with the present powers of production, and working co-operatively, there would be no difficulty in vastly enhancing the present production. There are a vast number of mouths to-day to be fed in this country the owners of which do no useful work of any kind. That must be admitted I think, and assuming that all their work would be useful work, then the money value would be very much enhanced rather than decreased.

8553. But you are presuming under your new system of municipal and State workshops that there will be this profit coming in, and you are not assuming any loss?—This is production for use. I would not argue it from the point of view of profit at all. I say the production of this community, and the means it would have for collectively exchanging with other countries would be vastly enhanced by the co-operative system of industry as opposed to the competitive system.

Mr. *Tait.*

8554. You are aware that we do export a good deal from this country?—Yes.

8555. Then to carry out your system perfectly, that is, the collective system, it would be necessary that we should export to a country which was under similar conditions?—Not necessarily so at all.

8556. But what, then, are you going to do with the money that comes in?—It would not come in in the shape of money, but goods, as it does now. The amount of money in this country would not perform one-tenth, or one-twentieth, or one hundredth part of the operations of the commerce that is carried on. Take a house like Huth's, almost the whole of its business is done by means of bills of exchange and drafts and the like, therefore what you are really doing is using the means of exchange to transfer produce from one country to another as against produce, or you are receiving, as Mr. Giffen pointed out, produce in return for capital previously advanced.

Mr. *Tait*—continued.

But if you are receiving against produce where the trade is equal that would not be affected by a collective system any more than by a competitive system of industry. You would organise your department to pay for produce to be received from abroad with the collective produce which you made here. Surely that would be the case, would not it? All I say is that such an exchange as that could be better brought about collectively than by leaving it to the present anarchical arrangement.

8557. How are we to get at the fair value in purchasing this industry to which you refer —the fair value as between man and man?—Of course I am not here to argue what is the fair thing between one man and another, and I do not think the middle classes considered what was the fair thing between man and man when they took feudal property or commons and the rest of it which remained to be taken. As between class and class it is a question of political power. What is fair is what is expedient—is not that so?

8558. When the time comes to make the valuation, whether it is as between class and class, or as between man and man, what I want to get at is, supposing you have a thousand pounds invested in a work, and the time arrives for the State to take it over, how are they going to return to you the thousand pounds invested?—They return it to you in the form of Government Bonds, which would be a profitable bargain to the community if there was no repudiation even.

8559. But supposing the man wanted his thousand pounds—the money—to leave this country and to go to another?—Then he will have to sell his bonds; he will find plenty of buyers; it is not my business to give him his thousand pounds.

8560. It would be the business of the Government, would not it?—Why?

8561. You do not want to take the business capital from those who at present have it and not return to them the thing they have in their business, do you?—I will not enter now upon what I want, because I do not suppose I can get it.

8562. Do you suggest that?—No, I have suggested this, that at the present moment it would be better for the country to take the railroads over, even if they have to pay a full valuation for them. I consider that these railroads having been given by a capitalist House of Commons to capitalists do not come into the question of the law of man and man that you speak of. That is what I am arguing here.

Mr. *Trow*.

8563. With regard to the eight hours' day, would you force it upon all working men and employers, irrespective of their wish or desire, when they knew it meant the extermination of their trade?—As I have stated already if that meant the extermination of their trade it would have to be very seriously considered in many

Mr. *Trow*—continued.

ways, and I think I could trust Mr. Mawdsley, and those whom he represents to take care that no injury should be done. But I may point out that what was done with regard to the trade of Coventry was done for the sake of letting the middle class have light claret, therefore the thing has been done already. The trade of Coventry was ruined in that very way, I would not defend that, nor would I defend the ruining of your trade, if you could prove it was going to ruin it. I would say: "Let us consider what is to be done," but I do not think it would ruin it.

8564. Would you point out to me what other trades you would take over, and which it would be beneficial to take over?—I think the great trade of agriculture, which is being handicapped in this country for want of railway accommodation, and for want of proper skill in the application of new machines and new manures to the soil, so far from being played out, has not yet had proper considerations.

8565. Do you apply the eight hours to agriculture?—Yes, except in cases of unavoidable necessity, such as getting in crops when rain was threatening, or cases of that kind.

8566. Are you aware of any trades where it is impossible to have the eight hours' day?—I do not know that I know of a trade where it would be impossible to adopt it. Tell me one, because I should be very glad to learn.

8567. I have not advocated it, but if there is a trade in which it is impossible to run three shifts, what do you say?—I say, why not run three shifts? but I have no right to ask you questions at all.

8568. I say in a case like that, what would you do?—Then I should recognise the impossibility.

8569. Now with regard to the wages, would you fix any limit to the wages; any maximum rate?—No.

8570. Would you elevate the minimum up to 30*s*.?—I would.

8571. But you would have no maximum?—I would not.

8572. Is that altogether a fair way to put it on your own pleading?—Under present conditions I think anything is fair.

8573. But you want to alter the present conditions?—Yes, but you are not altering them so long as you allow the wage system to continue.

8574. You would alter them when you raised the wages, which are now, say, 16*s*. or 18*s*. a week to 30*s*.; you must be altering the present condition of things then?—Yes, but not altering the condition of wage paying. You are altering simply the remuneration, and I contend that 30*s*. per week is a better wage than 18*s*. a week in more than the proportion of the money difference.

8575. You would not ask to bring any wages down?—No, I would not.

8576. Nor would you seek to raise any hours up that were below eight?—No, I would not.

Mr. *Trow*—continued.

8577. As to ironworks, what kind were they to which you referred?—They were rolling mills.

8578. I mean where a foreman gets 4*l.* a week?—Yes, he represented to me he got it, but he may have been bragging.

8579. He is a foreman?—He was a foreman, he was head of that department at any rate.

8580. Then he would not be one of the workmen elected to manage the department if he worked for that?—He may have been telling me wrong, one way or the other, but I only say that he told me so.

8581. Would you be surprised to hear that there are workmen getting double this?—I daresay there are.

8582. Would you take the best man as foreman?—If I were a capitalist I should take the best slave-driver.

8583. A man at 8*l.* a week would not wish to go on for 4*l.* a week?—Of course not. The man to whom I refer may have got more. I do not think he did, but I know men working in electrical factories who are receiving more than 8*l.* a week.

8584. I know nothing about electrical factories, but I know something about workmen's wages, and this Commission knows about them too. Tell us what hours they work in the United States of America?—In many parts of the United States they work longer hours than we do; in some portions of America.

8585. Do we enter into competition with them?—Not to any considerable extent, except in the case of Hartford axes and things in which they have practically a monopoly, and to a certain extent in regard to agricultural tools. We are not competing heavily with the Americans at the present time.

Professor *Marshall.*

8586. You said America was our largest competitor I thought?—Would be, I said. It could not be under the present conditions with the McKinley Tariff in operation. That is impossible. If I did say that I certainly did not intend to say it. It was a mistake if I did say so.

Mr. *Trow.*

8587. Would you admit that the American market was very heavily overstocked in anticipation of the McKinley Tariff?—Undoubtedly, very heavily.

8588. So that leaving out a short period it has been one of our keen competitors and good customers?—In agriculture, yes; but not in manufacture. In corn and wheat and canned fruits, certainly. I do not deny that for a single moment; the strongest competitor we have in the world.

8589. Take one of our staple industries, the manufacture of pig-iron; I suppose you are aware that, while 25 years ago we produced more than all the world, two years ago America produced more than we?—Yes.

Mr. *Trow*—continued.

8590. In Alabama now they produce pigs cheaper than we do?—Yes.

8591. Therefore she must be a keen competitor if she can do that?—In the home markets.

8592. In other markets?—Not in neutral markets now. She will be.

8593. You said if we altered the system our production would be considerably increased?—I think so. In what respect do you mean? Do you mean by the shortening of hours?

8594. Yes—we should produce more?—I think so.

8595. That is for the purposes of exchange?—It will be.

8596. Can we dispose of our present production?—In many cases you are over-producing at the present time for your markets, but I think, to begin with, that an Eight Hours Bill applied to all trades would increase the home consumption both by, in the first place, enabling more men to be employed—not permanently, I grant—and in the second place by the large amount that they would purchase of the commodities that are produced at home. I think your home market would increase with an Eight Hours Bill rather than decrease.

8597. Take the effect of the 54 hours' week adopted in 1891. That was a decrease equally to what is asked now, and did that increase our home consumption or give more employment?—You have had during the present two or three years totally different circumstances to contend with. You have had a complete breakdown, as you have had several times before in the century under the capitalist system in its present form.

8598. But I want to take you back to 1871?—But you said 1891.

8599. I meant 1871, when the 54 hours was adopted. I asked did that give any increase in our own consumption or give employment to any single individual in any trade which adopted it?—That I could not say, because I have not watched it sufficiently closely. I do not know. I should say that the consumption of many articles is very much greater, even more in proportion to the population to-day than it was in 1871—I mean the home consumption.

8600. Well, you will accept it, as stated in evidence given by those representing the trades, that no unemployed labourer was absorbed by that change?—No, I cannot accept it, because that is a different point. You ask whether the home consumption has been enhanced. I said distinctly that the unemployed labour would not be absorbed, because the improved machinery would come in and then they would be out of employment again.

8601. But if you do not absorb the unemployed labour, and increase the amount of wages given for the purpose of purchasing, how are you going to increase the consumption?—I think the wages will rise to start with. You are applying this to all trades. For example suppose you set to work on the railways 100,000 more men to-day, it is clear that till machinery

Mr. *Trow*—continued.

comes in to do their work there will be a certain number of persons making a demand for home produce who are at present not making that demand in the same degree.

8602. Now we will come back to the other question. Where do you provide the means of payment for the 100,000 men?—I am going to make them to be paid out of the profits which at present go to those who do not work.

8603. But if the 100,000 men are employed upon the road they are not going to produce anything that comes into competition, or that we can exchange?—Certainly they are not.

8604. Then you are going to take the means of employing those men out of the taxes of the country?—No, out of the profits of the railway shareholders; if they do not improve their methods of transport manifestly that is so.

8605. Not out of the taxes of the country?—No, not in that case certainly. It would come out of their profits clearly if they did not alter and improve their method of transport. Surely that is evident.

Professor *Marshall.*

8606. Am I right in supposing that you consider that the present capitalistic system is fundamentally bad on the ground, namely, that wages at present constitute but a small fraction of the value which the labourers' work costs—that improvements go mainly into the hands of the capitalists, and that in consequence of that the increase of wages is, out of all proportion, less than the value of improvements in production?—That is my contention. I should not support the wage-earning system even if it were free from those disadvantages, but those disadvantages are the main ones that present themselves to me.

8607. You gave an instance of the cotton industry as an industry in which there had been very great improvements in production?—Yes.

8608. As the result of that, you would expect to find the fact that the price of calico and raw cotton were brought near together?—It might be so.

8609. And that has happened?—It has happened.

8610. You kindly gave us a budget of a working man's family?—I did.

8611. And I would ask whether there has been, in any of the chief things which the working man buys, any increase in the economy of production approaching that in cotton. First, as to house rent—has there been any improvement in the method of making or putting together bricks at all similar to that in the cotton trade?—I should say yes, in regard to building large houses. I should think that you could build cheaper, not so much of course relatively as in other departments; but large buildings can be built to-day at considerably less cost owing to improved machinery compared with what could be done even 10 years ago.

8612. But in some branches of the cotton trade one man's labour will go as far as 1,000 men's labour once did?—Yes, 100 years ago.

Professor *Marshall*—continued.

8613. There has been no change of that sort in the building trade, has there?—No.

8614. In the price of firing has there been such a change?—No, there has been no reduction—no marked reduction.

8615. In light?—A very considerable reduction; enormous, but not at all in that proportion—not a thousand to one.

8616. In soap?—Very material, but not a thousand to one.

8617. That is in the manufacture, when you have once got the materials?—Yes.

8618. But a large part of the expense of soap is the cost of materials?—Certainly. Soap is very much cheaper to-day on the market.

8619. And more of it is used?—Happily.

8620. As to bread?—That is very much cheaper.

8621. There is no change in the art of ploughing at all similar to what there has been in cotton manufacture?—No, but the reduction of the average cost of wheat, if you take the present prices, the cost is less than half of what it used to be.

8622. Wheat and oatmeal go together. Now groceries?—There has been a very great reduction in regard to commodities.

8623. Butter?—Stationary I should say.

8624. There has been no fundamental change in the art of producing butter?—No.

8625. Flour may go as bread. As to meat—there has been no fundamental change in the art of producing meat?—No; but taking into consideration the Canadian and Australian producers, it is cheaper than it has been for some years.

8626. As to clubs—you put down a very large sum for that?—It is so in that particular case.

8627. It is more than the average?—It is more than the average. I took it purposely, because I knew him to be a thrifty man.

8628. Vegetables and fruit?—Cheaper.

8629. But no great revolution in the art of production?—No.

8630. Then we come to the complaint against the present order of society, which has been repeated so many times by those who advocate a great change, namely, that whereas in the cotton industry and the pen-manufacturing industry, and a great number of similar industries, one man's labour will produce from a hundred to a thousand times as much as it did before, one would expect a corresponding change in the real wages of labour; but is it not the fact that when we come to find out how wages are expended, very little of them is expended on industries with regard to which that statement is true?—Yes, but I do not see where that gets us to. I mean, if you release a number of hands from the cotton industry, or the woollen industry, or those other industries, to turn to other occupations, it is perfectly clear that the economy of production is as great as though you had done it on the land merely. The whole of our machinery of industry in that respect hangs together.

Professor *Marshall*—continued.

8631. What I want you to do is to explain in what manner you regard the fact that the great improvements in the cotton and pen-manufacturing industries have not brought about an increase in wages, and how that constitutes an indictment against the present system, when the fact is that the price of calico for the working man has gone down almost quite close to the price of raw cotton, so that he has his gains from the cotton improvements in that small item, but the great majority of things on which he spends his wages are things with regard to which it is not true that there has been a great improvement in production?—I think, on the whole, there has been some improvement. But suppose there was not—let us take it the other way. We have got to take the profits and the amount of returns to the non-producing class in the country—that is what you must estimate it by. Those large powers of production at the present time represent a very large return for which, in my theory, no reward is paid to the worker. For instance, take Schedule D. There are 620 millions odd which are paid to those who are associated with the profit-makers, and so on; and I say that that is an increase in proportion altogether outside the increase in wages; and even if there were a proportional increase, there is a very large amount of remuneration to the portion of the community which does no work.

8632. That is rather a different point; I would propose to come to that later on?—That is what I mean. I mean to say this, that here in each department upon which we depend for our supremacy—cotton, wool, iron, and the like—the powers of production have enormously increased, but the advantage of the community derived from the returns to these various industries, is not shared, I say, proportionally by the workers.

8633. I think you are introducing a good deal of new ground there, and perhaps I had better not follow you over it; but before leaving this, I would like to say I have noticed that in your opinion the purchasing power of money with regard to far the greater part of those things on which the workmen spend their wages has increased?—I think it has.

8634. And since we know that the average money wage has increased very fast——?—I would not say very fast.

8635. Well, since we know that it has increased, and some of us think it has increased very fast, and since the purchasing power of each shilling has very much increased, therefore, so far the present system has been beneficial for the working man, and he has been free to work—that is since the repeal of the Corn Laws?—I am not so clear about that. In the first place, as you yourself have pointed out, or some other member of the Commission did, the position of a man in London, or any of our great cities, with the various expenses that are entailed upon him, similar wages do not represent the same amount in the city that they do in the country, through the necessity of having to feed out of doors instead of at home, and from the increase of rent and other things which in my humble judgment very largely handicap that increase of wages on which we are called upon to rejoice.

8636. Then going to your next main point, that wages constitute but a fraction of the value which the working man impart to the commodities, that is, I think, another way, of saying what you said just now that the income going to the capitalist class is increasing rapidly?—With capitalists and their hangers-on, yes.

8637. I am not quite sure whether I understand what you mean by hangers-on?—You must include in that class lawyers, domestic servants, and those with whom they divide it up. They all get it.

8638. I do not quite understand about domestic servants. If a man buys bread from a baker, do you count him a hanger-on?—No. It is true there may be too many bakers, and so far there is a superflous number of them, but I would not count him a hanger-on, but a domestic servant, certainly I would.

8639. What you mean, then, by this statement really seems to come back to this, that wages constitute but a fraction of the value which the labourers impart to the things on which they work. I want to know how you get at that. Take it in this way: a man ploughs a field, and he is perhaps paid two shillings for a ploughing that is worth to the farmer eight shillings, but do you consider that the ploughing is produced by him or by him and the horses?—If the horses are fed out of the eight shillings, that is a necessary part of the machinery of the business.

8640. So that you would include as part of the necessary expenses of the business, all the outlay for keeping the machinery going?—Certainly.

8641. Deterioration?—Deterioration, fencing, and so on.

8642. The earnings of the people who superintend the labour?—That would depend upon the proportion that you consider they should have, but you know as well as I do that under the old system of production the superintendent got a less proportion than the man who did the work.

8643. But how about the interest on the capital invested in the horses and plough?—I should not calculate that, except as a portion taken out of the workers. I do not recognise interest in that regard.

8644. But if it is true that where there are no horses and plough the work would have to be done by the spade, with great labour, does not the person who lends the capital to the farmer, with which he buys the horses and plough, contribute his share to the production, just as much as the ploughman?—I do not so consider.

8645. We shall not agree, I am afraid?—I should be most happy indeed, but we can meet at another time.

Professor *Marshall*—continued.

8646. The whole argument depends upon the assumption that the men who provide the capital with which the horses and plough are bought does not contribute to the ploughing in the same way as the ploughman does?—That is so; the horses and plough do, undoubtedly, but not the person who provides the money. They are two things on which deterioration only must be calculated, in my opinion.

8647. Do you consider that if the person who saved the capital had spent it on temporary passing enjoyments there would still be the capital for the horses and plough?—No; if you throw champagne into your stomach, or into the gutter it makes no difference, it is unproductive employment, except in certain cases.

8648. But you admit the plough makes the work of the labourer more effective?—Undoubtedly.

8649. And that would not exist unless he had saved the money?—I beg your pardon. I do not admit it. I say the labourer has carried out the ploughing; the capitalist has directed industry into that channel in place of another, and taken interest for doing it.

8650. But you admit the plough would not have been there unless the man who had saved, or some other man in his place, had foregone present enjoyments in order to get deferred enjoyments?—But how did he get the right to present enjoyments?

8651. By working?—If he is a capitalist, it does not follow that he would work at all.

8652. He may have?—That is a possible thing; but it would take more than 15,000 years to save a million sterling, at the rate of 4*s*. a day, and there are many capitalists who have that.

8653. Anyhow he had it in his power to consume on the spot, or to delay it?—I do not deny it.

8654. He did delay it, and, in consequence, production is more effective?—Instead of directing a further increase of the growth of champagne in France, he directed a man to make a plough in England. So far, yes, and he takes interest for it, which he would not take in the other case.

8655. His interest corresponds to the fact that he has helped to render the work of the agricultural labourer more effective?—It may be so, but I do not know that he has. I mean to say that that would equally, if not more than, apply under a co-operative system, when the reward would go to the worker in place of going to the capitalist.

8656. I must now go to a point that is not really very important in itself, but as you quoted a passage from a book of mine, it would be better, in order to avoid misunderstanding, that it should be cleared up. You stated that the effect of living in town is that the children grow up without healthy play, and that they are generally not so strong as their fathers, and that the grandchildren are not as strong as the children?—That is my contention.

Professor *Marshall*—continued.

8657. But is not it true that the deteriorating effects of town life are much less strong now than they used to be under the old insanitary conditions?—I should say this, that a feebler people, to a certain extent, lives longer, owing to the improvement of the sanitary conditions.

8658. Is not the great change, not in the intensity of the evils of town life, but in the largeness of population that is subject to them?—That is almost putting it in the same way.

8659. That is, the intensity of the evil per head is not so great as it was, in consequence of sanitary improvements; but the number of people subject to it is a larger proportion of the whole population?—I think that is possibly true. I never considered that, but I think that is quite possible.

8660. Is not this movement common to all countries, including America and Australia; I mean the movement towards the towns?—Certainly.

8661. Is not it true that in Victoria more than half the population are in the towns?—Not more than half, but if you take Geelong and Ballarat and Melbourne, I should allow you about two-fifths or three-fifths, perhaps.

8662. Is not that a tendency over which the methods of production have little control. Is it not mainly the growing desire of people for the special enjoyments of town life?—And association; yes, possibly it is.

8663. And is not it true that the evil is that without being deliberately selfish they sacrifice the well-being of their children (for it is the children that are hurt, and not the adults mainly) to their own comfort?—To a certain extent I think that must be admitted. I do not deny it. I think that must be so.

8664. And is there anything whatever in our present system to prevent our stopping that, when once public opinion has been aroused to its importance?—I think we might. In the present system there is a necessity for people living round the factories, and there is a necessity for some workpeople living near their work, but I should say that it is possible for the State to introduce free transit for 20 miles round our great towns, and in my judgment, you would do a great deal towards doing away with overcrowding in that way.

8665. Are you aware that a proposal of this kind has been made by persons who do not wish to revolutionise society, that any person putting up a house in a district that has got as closely populated as is good, should be compelled to contribute towards providing free play grounds?—Very likely; that may possibly be. I do not say that there are no people at the present moment who sympathise with my opinions, who do not want to revolutionise things.

8666. Is not your proposal or others of the same kind suggestive of burning down a house in order to roast a pig. Could not this aim of yours be attained more easily?—If you show me how it could be done more easily I should be happy to co-operate with you.

Professor *Marshall*—continued.

8667. Do you agree in what I state ?—Some portions I follow of what you state, but not other portions. If it is once admitted that their object is to substitute co-operation for competition, we are partially on the same ground.

8668. I go on the principle that the State may always interfere in the interests of children, and that since children cannot defend themselves, the doctrine of self-interest does not apply in cases in which children are not concerned ?—Quite so.

8669. But these opinions are held by persons who are not socialists ?—Quite possibly. I daresay many of the views which Aristotle held on the slave system are not being applied, but are held now.

Mr. *Gerald Balfour*.

8670. You have described the present relation between employers and employed, and you say it rests on a series of antagonisms ?—I think so.

8671. Do you think employers and employed have no common interests ?—In health and alleviation of disease and so forth, because it may spread from one to the other.

8672. Is not it to their common interest that the aggregate of produce should be as large as possible ?—That depends upon the amount of profit.

8673. But the larger the amount to be divided the better chance there is of both parties getting a large share ?—That might possibly be, and so far it is to the interest of the individual worker that his only particular employer should gobble up other employers.

8674. Is not it to the interest of the working classes generally that production throughout the country should be as ample as possible ?—Not necessarily so, because that may involve the glut which has been spoken of. You have got that remarkable fact that you may have a glut in every commodity, and you had something like it a little while ago, therefore the power of production may result in throwing a number of workers into the ranks of the unemployed.

8675. But do you mean to suggest to the Commission that it would not be, on the whole, desirable that efficiency of production should increase ?—If it is accompanied by certain other restrictions upon glutting the market with the commodities produced I should so consider, but at the present moment it is not the power of production that is lacking at all in our present system. There is plenty of power of production for the whole community to live in perfect comfort.

8676. Then you are prepared to maintain the position that efficiency of production is not in itself a good thing for the community ?—Not necessarily beneficial to the workers.

8677. Even if they continue to get a like proportion of the produce ?—If they get a like proportion it might sell for a lower price. I mean, supposing that you produce 1,000 yards of calico and sell those 1,000 yards for 1*l.* in

Mr. *Gerald Balfour*—continued.

place of selling 600 yards for 25*s.*, there is no gain in the increased production.

8678. That is a case of over-production in a particular commodity. If a like amount of capital gave a larger production of commodities in general, would not everybody be better off ?—Not necessarily, under the present system, because they may be piled up in the warehouses and not be exchangeable, because you have to go through the money medium. You have had nine periods of glut in this century, and each one longer than the other.

8679. Do you mean to affirm, as a matter of fact, that the working classes and the business classes have not gained by the increased efficiency of production during the last 50 years ?—They have gained, but the workers have not gained in the proper proportion.

8680. But you admit they have gained ?—I admit they have gained to a certain extent, but that gain is, to a very large extent, balanced by the physical drawbacks of which I have spoken.

8681. But you, as a matter of fact, do admit that all classes have gained by that increase in efficiency ?—To a certain extent, but not in proportion.

8682. Then, so far, it may be truly said that both capitalists and workers have a common interest ?—I mean to say this, that I am leaving out the gaps in the work. For instance, if you ask me whether it would be better for me to have a higher wage, say, 30*s.* a week, for two years, and then for six months be out of work, I should say that the higher wage did not compensate for the time I was out of employment, and that the increase in the power to produce has increased these periods of glut and crises, and that they have compensated, or rather are drawbacks to a large extent, to the advance in other directions.

8683. Suppose, for the sake of argument, these drawbacks are admitted, you nevertheless think that there is a balance of benefit remaining over to all parties in the community from the increased efficiency of production ?—Yes; I should say partially, not very large. I should say, on the whole, there might be a balance.

8684. Now, do you think that competition brings with it no benefit ?—None at all. Not now, it might have done in the earlier stages.

8685. You do not think that it acts as an incentive to the industry and application of the individual ?—No, I do not; I am distinctly of the contrary opinion.

8686. Supposing your socialistic system was established, would there be no antagonisms under it ?—I can foresee none.

8687. Would you have got rid altogether of the self-regarding tendencies of mankind ?—No, you would have enhanced them. But the improvement of each man's conditions would necessarily depend upon the simultaneous improvement of those of his neighbours, and his collective interest would become a selfish interest, but he would not begin with himself; his first duty would be to increase production for the community and again, as in the gentile settlements,

Mr. *Gerald Balfour*—continued.

his first interest would be that of the community, and he himself would benefit by the progress of the community.

8688. Do you propose an equal remuneration to all workers under your system?—In the main. I am not formulating a system, but I think that would be the result eventually.

8689. Then would there not be an antagonism of interest among the workers, each striving to do the least amount of irksome labour?—But no labour is irksome except over an excessive period, but in the present system the amount of necessary labour is exceedingly small as compared with the whole.

8690. Then you are prepared to maintain the thesis that in the socialistic system there will be no irksome labour?—Yes, I would maintain that absolutely.

8691. With regard to your assertion that the improvements in processes have gone to benefit the capitalist classes only, how can you maintain that in the face of the fact that wages have increased and that prices have fallen?—No, I say this: I say that they get almost the whole benefit; and so they do. The words that I used I have here. I say, as to the result of the ownership and so forth, all improvements go into the power of that class, and wages rise, where they do rise, out of all proportion less than the power of production increases.

8692. Who does get the benefit of the increased power of producing wealth?—The owning classes.

8693. How do you measure it?—By the increased returns of the income-tax, by the increased returns to the various schedules by which the easy classes measure their riches.

8694. Has the total amount of the income-tax income increased in a larger proportion than the total amount of wages?—Certainly, in proportion to the number of people dividing it up.

8695. Can you give us the figures?—I do not know that I have them here. I formulated them some years ago, and I will not answer for them now.

Professor *Marshall.*

8696. Can you give us the page of the book in which it is given?—It is on page 336 or 337, I think, of my book on "The Historical Basis of Socialism in England." These figures are 10 years old.

Mr. *Gerald Balfour.*

8697. Would you mind just taking the figures out so that we may have them down on the minutes. Of course I could hardly test them on the spur of the moment?—I am much obliged to you. It is without prejudice on either side.

8698. I should like to have them on the minutes?—The general income was then put, in 1883, at 1,300 millions, or close upon that sum. I contended at that time that the landlords, the capitalists, the professional classes and profit-mongers, absorbed nearly 1,000 millions. This book was published in 1883, and that is what I contend now. I do not say that it is quite as much as that, but very nearly, as you will see if you will look at the foot-note, which says, "In 1867 the late Mr. Dudley Baxter estimated "the total paid in such wages at 254,729,000*l.* "The workers pay back about a fifth of this "in rent." As I point out, the workers to-day take about a fifth part of this amount. I point out from that, that according to Mr. Mulhall, who is another gentleman who is not in sympathy with us, that "222,500 families own "5,728,000,000*l.* out of a total realised national "wealth of nearly 8,000,000,000*l.*, or close "upon 26,000*l.* per family with, of course, a "corresponding income out of the 1,000,000,000*l.* "taken yearly by non-producing families." The income of the non-working classes, I say, was 1,000 millions, leaving little more than 300 millions for the working classes. That would be rather less than one-fourth.

8699. How do you arrive at the income of 1,000 millions?—I say 1,300 millions in round figures, or close upon that sum, and out of this total 1,000 millions were taken by the class whom I do not consider a directly producing class.

8700. How do you get at the 1,000 millions; you divide the 1,300 millions into two parts of 1,000 millions and 300 millions?—I say, if you take away the 300 millions you get 1,000 millions; the figures are here. I have taken them really from Mr. Giffen's figures.

8701. On what grounds do you divide the 1,300 millions into these two parts?—I took Mr. Dudley Baxter's figures of 1867 and added Professor Leoni Levy's figures. He made out that the average weekly earning was 32*s.*, and I conclusively proved, from certain figures I have got, that that was much too high, taking Mr. Baxter's figures, Mr. Giffen's figures, and Mr. Mulhall's figures, and I came to the conclusion that the total amount that was received, apart from domestic service, was the figure I there give.

8702. Why deduct the figure for domestic service?—Because I consider that domestic servants are not a producing class in any sense, and there are two millions of them. I look upon them as a serious element.

8703. They are a wage-earning class?—They are a wage-earning class, but it is for purposes of luxury, which is a totally different thing from the purposes of production.

8704. But in estimating the income of the working-classes, on what ground do you deduct the wages of the domestic servants?—They are a portion of the household of the capitalist, who administer to his luxury in the same way as do his horses or anything else. I contend that domestic servants are not a portion of the producing classes, and that they produce nothing at all. I say there is a producing class employed for wages to produce wealth, and in that class domestic servants do not come; they come in as appurtenances to the luxury of those who do not do anything to increase the wealth of the country.

8705. But they form no inconsiderable part of the community, and they have an existence

Mr. *Gerald Balfour*—continued.

for themselves?—I am aware of it; and so do others who contribute in no sense to the production of wealth—such are the whole of the clergy and the lawyers. The lawyers receive a considerable proportion of the amount of the wealth of the community, but I should not consider them as producers.

8706. Your principle would exclude from the working-classes all who produced mere articles of luxury?—To a certain extent it does; and I would say that much of the advertisement is wholly useless and throws away labour.

8707. Without going further into this question, you have given us figures for 1883, and now, for the purposes of comparison, it will be necessary to have the figures for some other date?—According to Mr. Robert Giffen, whose figures I consider very optimistic—and they are so considered by most of the workers with whom I have conferred—there has been a comparatively small increase in the last 10 years in the remuneration of the working classes, very small indeed. There has been a very large increase in the number of domestic servants, amounting to over 200,000; and as regards the workers themselves, if you take the figures which he promulgated in 1883, or about then, and compare them with the figures of to-day, you will find that the increase is comparatively small.

8708. Will you give us his figures?—I have not got his original figures of 1883 here, I think.

Duke of *Devonshire.*

8709. Were not they the figures he gave us the other day?—I thought I saw a tract in Professor Marshall's hand; I am not at all sure that they are not in that; if they are, that would be sufficient.

Professor *Marshall.*

8710. Do you mean "Facts for Socialists" [*handing pamphlet to witness.*]?—Yes. I do not see that it gives the exact amount here that the workers were then supposed to receive I see here, however, that 13,200,000 people according to Mr. Giffen receive, as far as I can make out from this about 450,000,000*l.* That would be about 10 years ago. Mind, of course, I did not come prepared for these figures; but still, if that is so, I contend that the increase in the last 10 years according to the figures which he formulated before you is very small indeed.

Mr. *Gerald Balfour.*

8711. I think it is rather a pity that you did not come prepared with figures, because a statement such as you make is one which ought to have been substantiated by figures; but would you mind sending them into the Commission?—Certainly not; I will do so.

8712. As I understand, the figures we have to take into consideration are, first, the income of the working classes at a certain date?—Yes.

8713. The income of the capitalist classes at the same date?—Yes.

8714. Next the income of the working classes at a later date, and the income of the capitalist classes at that later date; and further, it is important to consider whether there has been a rise or fall of prices during that time. It is only by looking at all those figures that such a statement as this can be substantiated?—One moment; in the first place, how long have we had the means of getting at these figures in any official way at all? These figures of Mulhall, and Levi, and Giffen are guesses, and mine is a guess and no more. Until we forced, practically by agitation, the appointment of a Labour Bureau, and the collection of labour statistics, we had no department of statistics here as regards the working classes at all; it was all guess work, and therefore it is almost impossible for me to come here and give these definite figures when one guess is almost as good as another. But I say that the increase which is admitted by those who do not share our opinions, like Mulhall, like Giffen, like Leone Levi, like Baxter, if you take those figures the increase is not at all in proportion, according to Giffen's figures that I have now got here, to the increase which has taken place in the income in the meantime.

Duke of *Devonshire.*

8715. In the total income of the country of all classes do you mean?—The total income of all classes, or the total income of those classes who are not engaged in production.

8716. Amongst whom you include all who are not labouring with the hand?—For the purposes of this argument, yes.

Mr. *Gerald Balfour.*

8717. Perhaps you would make out as clear a statement as you are able?—Certainly; I will send it in (*see Appendix* CXLIII).

Mr. *Livesey.*

8718. You are opposed to the capitalist system?—I am.

8719. Do you object to thrift on the part of the working classes, and to their thus becoming small capitalists?—I do, certainly. I think they only intensify the competition, and fortify the class which they should endeavour to supplant.

The witness withdrew.

Adjourned *sine die.*

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(Sitting as a Whole.)

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